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DAILY REPORT

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XINHUA COMMENTARY ON SOVIET-U.S. MISSILE FEUD

OW130531 Beijing XINHUA Service in Chinese 1454 GMT 8 Apr 83

[Text] Beijing, 8 Apr (XINHUA) -- Commentary by XINHUA reporter Mei Zhenmin: "Another Round in the Soviet-U.S. Missile Struggle"

The acute struggle between the Soviet Union and the United States, centering on the question of guided missiles in Europe has, after subsiding briefly, entered a new round. In this new round both sides have taken a tougher attitude, and thus there is the tendency to further escalate the arms race.

Whether the United States will be able to deploy intermediate-range nuclear missiles in Western Europe depends on the attitude of the Western European countries, particularly West Germany. Therefore, during the round of struggle in January and February, the Soviet Union put forward a number of interesting proposals in an attempt to influence West Germany's general election on 6 March. However, the candidate of the Christian Democratic Union, who supported the U.S. deployment plan and the "zero option," was the winner in the West German general election, and thus the Soviet attempt to make a breach in West Germany and then knock out the U.S. deployment plan suffered a setback. So the Soviet Union on the one hand planned to adopt corresponding military measures and on the other began a propaganda offensive in mid-March. While accusing West Germany of "the revival of reactionary forces and revanchism," it also threatened that "if Western Europe should deploy the new U.S. missiles, thus posing a greater threat to the Soviet Union and its allies, this behavior will get a prompt and effective answer." What kind of answer? A signed article in the 17 March PRAVDA said that the Soviet Union not only would increase its missiles in Europe, but would deploy such missiles near the U.S. border. Chief of the General Staff of the Soviet Armed Forces, Ogarkov, also issued a statement saying that if the United States uses the intermediate-range missiles it plans to deploy in Europe to attack the Soviet Union, the Soviet Union would not just retaliate with blows directed at Western European targets, but would directly attack the United States.

The United States would not allow itself to be outdone. In answer to the Soviet threat to attack the United States with strategic missiles, President Reagan on 23 March announced that he had ordered to be formulated a long-term research and development plan on setting up an ABM defense system in order to ultimately eliminate the threat of Soviet strategic missiles against the United States. At the same time the U.S. Government threatened through the newspapers that it planned to deploy Pershing II missiles which the Soviet Union is most worried about, in Alaska near the Soviet border.

The United States has its difficulties too. At a recent meeting of the NATO planning group, West European countries once again asked the United States to come up with a new plan. The antinuclear peace movement in Europe and America has tended to restart and expand. In particular, a nuclear freeze bill jointly put forward by more than 30 members of the U.S. Senate, is a direct check on the Reagan administration's attempt to expand arms and to deploy new guided missiles in Western Europe. The Soviet Union is also making use of, and pushing, the forces in the three above-mentioned forums to bring pressure to bear on the Reagan administration.

In the face of this situation, President Reagan made lengthy consecutive speeches in the last week of March, in which he publicized the threat posed by Soviet nuclear arms expansion to the United States and its allies, enumerated the measures taken by the United States to limit nuclear weapons, explained the U.S. policy decision on its global strategy and the issue of guided missiles in Europe and put forward a "flexible" "intermediate plan" [zhong jian fang an 0022 7035 2455 2714] instead of the "zero option." He said: The United States is prepared to negotiate an interim agreement and to considerably cut down the number of Pershing II and cruise missiles planned to be deployed, on condition that the Soviet Union reduces the number of warheads of its longer-range intermediate-range missiles deployed worldwide to the same level as that of the United States.

After Reagan put forward this plan, Soviet mass media immediately pointed out that it is a refurbished version of the "zero option." Soviet Foreign Minister Gromyko made a lengthy speech at a press conference on 2 April. In his speech Gromyko rejected this plan for the reason that it "does not take into account British and French intermediate-range nuclear weapons and hundreds and hundreds of U.S. nuclear-delivery aircraft based in Western Europe and in aircraft carriers." West European countries, which almost unanimously voiced support for the American "intermediate plan" are now bringing pressure to bear on the Soviet Union. West German Foreign Minister Genscher told the Soviet ambassador to West Germany on 6 April that if the Soviet Union and the United States cannot reach an agreement by the autumn of this year, West Germany will begin at the end of the year to deploy U.S. intermediate-range nuclear missiles up to the planned number. Soviet Defense Minister Ustinov, who was visiting East Germany, immediately retorted: As far as most West European countries where American nuclear missiles are deployed are concerned, a Soviet retaliatory counterattack will be destructive.

This round of struggle between the Soviet Union and the United States shows that the main purpose of making statements and putting forward proposals by the two sides is to impose restrictions on the other side, to expand their own nuclear arms and to influence public opinion. But they do not have much sincerity in negotiation. This is determined by their strategic principles, in accordance with which they both seek military superiority. The Reagan administration has long been determined to regain its lost military superiority, while the Soviet Union has not hesitated to cut down expenditure for civilian construction in order to maintain and strengthen its advantageous position in the arms race. Without strong pressure from outside, the talks on nuclear weapons in Europe held in such a background can hardly lead to reducing the nuclear threat. The nuclear arms race between the Soviet Union and the United States is now intensifying and escalating. The performances put up by the United States and the Soviet Union in this round of struggle have enabled people to see this harsh reality more clearly. Mankind is now faced with the danger of nuclear war because of the nuclear arms race between the superpowers. Therefore, the struggle by the people of various countries against the nuclear arms race between the two hegemonist countries, the Soviet Union and the United States is a necessary component of the current general struggle to oppose hegemonism and to safeguard world peace.

RENMIN RIBAO ON GROUP OF 77 MEETING IN ARGENTINA

HK130605 Beijing RENMIN RIBAO in Chinese 12 Apr 83 p 7

["Roundup" column by RENMIN RIBAO reporters Guan Yanzhong and Li Zhiming: "Unity, Consultations, Cooperation"]

[Text] In front of the main entrance of the cultural center in Buenos Aires, more than 100 national flags fluttered in the breeze. The 5th conference at the ministerial level of the Group of 77, which lasted 5 days, concluded here on 9 April. At this conference, more than 700 representatives from the developing countries discussed the world economic situation and the problems concerning the Third World, and exchanged views so that they can take a common stand at the upcoming sixth U.N. Conference on Trade and Development in order to safeguard the economic interests of the developing countries which make up more than 70 percent of the world population.

The participants were deeply worried by the present worldwide economic crisis. They pointed out that this crisis has already brought about serious economic damage to the developing countries. As a result of the shrinking of the market, the prices of some primary products, on which many developing countries rely for existence, have dropped sharply. The income of the developing countries from export has dropped from \$74 billion in 1980 to \$53 billion in 1982, and an adverse balance has appeared in their international payments. On the other hand, the amount of foreign debts of the developing countries has increased from \$300 billion in 1979 to \$630 billion in 1982, and the sum of the capital paid back, plus interest, accounts for more than 20 percent of their annual income from export. The export of manufactured goods has also been discriminated against and hurt by the protectionism of some developed capitalist countries. The economic growth of the developing countries is basically in a state of stagnation. The average growth rate in 1982 was only 1.6 percent.

The participants unanimously pointed out that except for some internal factors, the fundamental reason for the economic problem facing the developing countries lies in the present unequal and irrational world economic structure in the capitalist world. Therefore, they reiterated the necessity of fighting for the establishment of a new international economic order. They strongly appealed to some developed countries to give up their stubborn attitude so that global talks can be held as soon as possible. Many participants pointed out that without the economic development of the developing countries, economic recovery will not be easily and really achieved. They hoped that the developed countries would not fail to see this.

Most participants held that while striving for the long-term goal of establishing a new international economic order, it is necessary at present to lay stress on solving some urgent problems. After conscientiously discussing the three main problems of primary products, trade and funds, the participants from various countries passed several resolutions. They demanded that measures should be taken to speed up the signing and approving of the agreement on the common funds for relevant primary products, to carry out the comprehensive plan for primary products, which was adopted 7 years ago, and to increase the funds of the International Monetary Fund to compensate for the drop of export prices. They also demanded a structural reform of the international trade system. Being a part of this reform, the developed countries must open their markets and give up all protectionist measures which obstruct their import from the developing countries.

Referring to the serious problems of debts and funds facing the developing countries, the participants unanimously appealed to the international financial institutions, and both the official and private banks in the developed countries, to adopt emergency measures to soften the terms of loans and reduce the rate of interest so that the developing countries can get new loans for their development. They also demanded that their present debts be rearranged and time limits be extended and that aid to the most underdeveloped countries be increased.

The questions of the "South-North relationship" and "South-North dialogue" were the main topics for discussion at this conference. The question of South-South cooperation was also an important subject for discussion both inside and outside the conference hall. Long-term practice and realities have made the developing countries realize that in order to change the irrational international economic structure, it is not enough to merely make appeals to the developed countries and ask them to make a concession. As Argentine Foreign Minister Lanari said in his opening speech, the South-South dialogue and cooperation was, and still is, an essential condition for establishing a new international economic order. The participants emphasized that there are broad prospects for economic and technological cooperation between the developing countries. This cooperation will make the developing countries stronger in their negotiations with the developed countries and will be of great significance to the realization of their economic independence and to tiding them over the present difficulties. The participants also discussed the possibility of establishing a bank or monetary fund for the developing countries.

It was not unusual for participating countries to have different opinions due to their different internal conditions. Therefore, discussions rather than voting were held under the principle of achieving a united stand. In order to achieve unanimity, some meetings were even held all night long. However, the final statement and resolution adopted by this conference show that there are more common grounds than differences between the developing countries and that they are able to solve their differences through consultations on the basis of equality, and strengthen the unity and cooperation between them.

The success of the 5th conference at the ministerial level of the Group of 77 symbolizes a new progress of the developing countries in achieving unity and taking concerted action.

PENG DI ON CHANGES IN U.S. FOREIGN POLICY

HK130731 Beijing LIAOWANG in Chinese No 2, 20 Feb 83 pp 32-33

["International Commentary" by Peng Di: "On 'Change' -- On New Trend of Reagan Administration's Foreign Policies"]

[Text] Whether there has been any change in the Reagan administration's foreign policies is a question that has recently often been discussed by American people and which foreigners have been relatively concerned about.

There has never been anything in the world that will always remain unchanged and I am afraid the policies of a government, especially foreign policies, are no exception. For a certain period a policy may remain unchanged. However, in today's world where lots of events and changes constantly occur, it is not commendable to use a fixed policy to counter the constant and diversified changes in the situation. The problem is whether the change is an early one or a late one, whether it is a real or a false one, whether it is a great or a small one, and whether it is a good or bad one. Sometimes it is alleged that there has been a change which, in fact, has not occurred and sometimes no change is alleged, but a change has indeed taken place.

Around the time the Reagan administration came to office it was time and again declared that the previous administration's policies would be changed. In short, it was said that the previous foreign policies were too weak and had to be vigorously changed. The President published many brave words and declared that he would "greatly boost the morale and develop the strength of the United States." This showed that he had the ambition to be matchless in the world and to make a new start.

U.S.-Soviet relations are the number one issue in U.S. foreign affairs. As soon as Reagan came to office he let loose a stream of abuse against the Soviet leaders and said that they were "swindlers and criminals" and could not be trusted and that peace could only be achieved by countering them with strength. Since then the U.S. military budget has time and again increased. It now exceeds \$200 billion a year, and is planned to rise further. Reagan gave a snort of contempt to the antinuclear peace movement of the West European and American people and thought that these people's view was childish and not to be taken seriously. Using the Polish issue as a pretext, the United States applied economic sanctions against the Soviet Union and demanded that the West European countries suspend the execution of the agreements that they had entered into with the Soviet Union on trading oil pipeline equipment and natural gas. The West European countries would not agree and the United States threatened to apply "sanctions" against West Europe too. However, the West European countries did not give way. Such open conflicts between the United States and its allies were very rare indeed.

The United States has never been on good terms with the Third World countries and by that time there was a sharpening trend of the contradictions between them. First, in the Caribbean countries, the United States adopted overt or covert military or political measures to protect right wing regimes and deny the people there the right to carry out revolution. Later, on the problems concerning North-South economic relations, relying on its economic strength the United States one-sidedly insisted on "free competition" and was not interested at all in and passively resisted the demand for holding North-South dialogue to change the irrational and unjust nature of international economic relations. In handling the Middle East issue, the United States insisted on its "strategic cooperation" with Israel and indulged Israel to wantonly invade and destroy Lebanon and the Palestine Liberation Organization. Thus it has nearly given rise to another military crisis and the negotiations for peace in the Middle East initiated by the United States itself have been shelved. In handling the problems concerning Sino-U.S. relations, a process of normalization began in the early 1970's, but U.S. arms sales to Taiwan have caused great trouble and have nearly put the United States in a dangerously isolated position.

Whether these policies were good or bad in a moral sense, whether they are feasible or not in practice, and whether they are favorable or unfavorable to the United States, world public opinion has already given its answers to these questions. Even the CHICAGO TRIBUNE, a well-known conservative newspaper in the United States, is of the opinion that the United States' foreign policies are at a crossroads and that Reagan's boasting has frightened the friends rather than the enemies of the United States and given people an impression that he is a "dangerous layman" in foreign affairs.

Two years have passed since Reagan came to office and now the time has come that American people describe as a time when the President's boat is at the middle of the river he is crossing. Officially, there is nothing said about a major change in policies, but the helm of foreign affairs in the State Department has been put into the hands of another man -- Shultz. In this scene of the shifting of the helmsman and the turning of the steering wheel on a boat sailing on a swelling river, people can trace, though not very distinctly, some new trends.

First the U.S. Government has changed its tone in dealing with the Soviet Union. We outsiders cannot find out whether they continue to abuse the Soviet Union in words privately, but U.S. Government officials are using less ugly words. They do not immediately and completely negate, as they did in the past, the various Soviet disarmament proposals and peace postures and have left some room for discussion. They have also alleviated their conflicts with their West European allies. Concerning the sanction measures applied because of the gas pipeline issue, though the sanction has not yet been lifted, it has been revised to make up the difference between the two parties.

Recently, the United States has also shown some concern for some Third World countries that are in economic difficulties and crushed by heavy burdens of foreign debts. It has refrained from opposing the practice of the organizations such as the International Monetary Fund in raising more funds and providing more loans in order to use the resources of the rich to help the poor and ease the international financial crisis. In dealing with its relations with the Caribbean countries, the United States is using less military threats and placing more emphasis on exerting its influence by economic means.

In handling the Middle East problem, the basic stand of the United States is still to be partial to and side with Israel, but over the past few months its differences with Israel have grown and it has not completely supported Israel's excessive and wanton activities of annexing the West Bank and Gaza areas and attempting to occupy Lebanon for a long time. There has also been a little change in its attitude toward the PLO. In the proposal for promoting the "Middle East peace process" that the United States put forward last September, it attempted to persuade Jordan and the Palestinians to send representatives to participate in the negotiations. This proposal fails to fully confirm the national rights of the Palestinian people, but the main resistance comes from Israel.

The United States went astray in its China policies. Through the joint efforts of both the Chinese and American sides, a joint communique was published to reiterate that the United States respects China's sovereignty over China's territory, observes the principle of one China and refrains from interfering in China's internal affairs. As for the problem of U.S. arms sales to Taiwan, a part of China's territory, the United States expressed the view that it has no desire to continue the sales indefinitely and will gradually reduce the amount of the sales until it finally solves the problem, that is, completely stops the sales. If the United States is true to its word, the signing of the communique will be nothing less than an important positive measure.

Recently, the Reagan administration has sent Vice President Bush and Secretary Shultz to visit Europe and Asia respectively. Before their visits, the opinions of many specialists were solicited to pool the wisdom of all people. This also showed that the government had a desire to extricate itself from the passive position it has been in and open up some new situation. The answer to the question of whether the above-mentioned facts meant some essential change in the policies has to wait for the outcome of further observation.

There is another aspect of the problem. It is difficult for a country like the United States to make any relatively great readjustment in its foreign policies. One of the reasons for this is the large number of its burdens.

The United States has relatively great military strength and it has reached out its hands to other countries relatively many times. It is regarded as a superpower the world over and the Western alliance regards it as its leader. Even the country itself often frankly and simply calls itself "No 1 in the world." With this idea as a load on its mind, the country is apt to regard itself as the center of the world and as being superior to others. As a result, it cannot help requiring other countries to always act in accordance with its interests and will. It not only always uses its own set of political beliefs and governmental system as a standard to find faults with the internal affairs of other countries and chide other people, but moreover, it even takes action including providing funds and arms to support the regimes it likes and oppose the local people's struggle for reforming their political, economic and social system according to their own will. Naturally, no sovereign country or people with national self-respect can endure this. This has been the main reason why the United States has been on bad terms with weak and small countries and why it has suffered failures time and again. However, in the United States, people are imbued with such ideology and views of policies, therefore, it is very hard to change.

From this is derived a second big burden, the indissoluble relations between the United States and a number of infamous regimes. In order to control the internal affairs of other countries, the United States has to utilize local agents. As a result, the United States has made a number of "old friends" in Latin America, East Asia, South Africa and the Middle East. Though some of these "old friends" have since died or fallen from power, they and their successors have clung to pestering the United States and relying on it to provide funds and arms and even to send troops to help them to maintain their survival (which is, in fact, difficult to maintain). The United States, on its part, is willing to shoulder this burden and thinks that it does so to safeguard its interests, but this has often ended up injuring its own interests. Sometimes it had to pay excessive prices and suffer great defeat, losses and disgrace, but still could not help those reactionary regimes to survive. At present, in the Middle East, Israel is relying on U.S. support to do many things that are unfavorable to the United States, but the United States can do nothing to it.

The political factions and economic groups in the United States have great influence on U.S. foreign policies. Some of these political personalities are in fact the representatives of the "old friends" of the United States abroad. These personalities pay little attention to international justice and know little about what the country will gain or lose, but merely pursue their own personal interests. These people have been creating trouble everywhere for the leaders of the U.S. Government who attempt to readjust their policies to take into account the interests of the whole situation.

The last but of course not the least point: Since the United States is loaded with the idea of "being No 1 in the world," it will not be willing to be No 2. However, there has emerged in the world another superpower, the Soviet Union, which has clashed with the United States for strategic interests and has been in conflict with the United States for decades. Over the recent period, the Soviet Union has been carrying out a "smiling diplomacy," while developing its military strength. Even though the "smiling diplomacy" is carried out only on the surface and without a serious intention, this has given the United States a hard nut to crack. The challenge that the United States is faced with now is how to cope with the Soviet "peace offensive" while remaining unrelaxed in its efforts to achieve superiority of strength over the Soviet Union. As for the path it has to follow, it is perhaps still under exploration.

From the above we can see that we cannot say that the United States does not have a desire for a change in its foreign policies, but whether it can change them or not and how much it can change them is restricted by subjective and objective conditions. The results will come out after repeated struggle inside and outside the government. However, the tree may want to rest, but the wind will not stop. It is difficult to remain entirely unchanged. May the spring wind in 1983 ripple the stagnant water.

JINGJI RIBAO CONTINUES ON REAGAN'S 'BRAIN TRUST'

HK130338 Beijing JINGJI RIBAO in Chinese 30 Mar 83 p 4

[Article by Wang Jiangang (3769 0256 0474): "Reagan and His Economic Brain Trust (Part II)"]

[Text] President, Secretary of State and the Troika

While reorganizing his economic brain trust, Reagan also readjusted the upper structure of his government. In July last year, Reagan accepted Haig's resignation and appointed Shultz secretary of state. The economic circles generally held that it was wise of Reagan to appoint as secretary of state a person well versed in economic issues, because at present foreign strategy and diplomatic issues have closer and closer ties to trade and debt problems.

Indeed, since taking office Shultz has changed the style of the secretary of state to a large degree. Traditionally, a secretary of state tends to leave economic issues, even international economic issues, to the secretary of the treasury and other government economists. However, Shultz is deeply aware of the important relationship between economic policies and diplomacy and he has shown his interest in economic issues without the least hesitation.

Secretary of the Treasury Regan, Director of the Office of Management and Budget Stockman and Chairman of the Council of Economic Advisers Feldstein have changed their practice over the past 2 years of each going his own way and now often hold regular meetings to discuss domestic economic issues. They are now called a "troika" for the domestic economy. Shultz also takes an active part in these meetings.

Shultz is on intimate terms with figures in some international monetary groups based in Washington. Among those people are IMF managing director Jacques de Larosiere, executive director of the IMF for Brazilian affairs (Alixada Kaffka) and Henry Wallich, a member of the Board of Governors of the Federal Reserve Board. It is necessary to associate with these people for the sake of the U.S. economy. Shultz said: "If there is no worldwide economic recovery, it is impossible for the United States to maintain long-term economic prosperity." In his diplomatic activities Shultz repeatedly urged European and Japanese leaders to develop their economies by cutting budget deficits and relaxing monetary restrictions.

Shultz is also soberly aware that the U.S. economy heavily depends on the Third World. On 22 February he said in testimony before the Senate Budget Committee: "The international economic situation is so fragile...that we cannot allow continued reduction of loans extended to the Third World. Ensuring that developing nations have sufficient funds to pay for imported goods and services, which may help improve their productivity, so as to make contributions to the development of the world economy is in the vital interests of all Western governments, including ours."

Reagan himself has also paid attention to world economic issues. From 30 November to 4 December last year he personally visited Brazil, Colombia, Costa Rica and Honduras, and emphasized readjusting the economic policy toward these countries. Later, Shultz and Bush also visited Asia and Europe, respectively, with economic issues as their main tasks.

Heated Arguments Between Different Factions

Heated arguments exist between the "isolationist faction" and the "internationalist faction" inside the Reagan administration. Both factions are for "rebuilding a strong America," but the "isolationist faction" argues that the United States must work independently and, if something is for the purpose of "rebuilding the country," the United States has no alternative but to cause friction with its allies." But the "internationalist faction" holds that it is necessary to continue to maintain uniformity between the United States and its allies and, at the same time, to consolidate U.S. leadership in the alliance. Reagan was originally a member of the "isolationist faction," but now he has been greatly influenced by Shultz. All members of the "troika" have admitted that Shultz' influence on Reagan with regard to economic issues is greater than theirs.

At present, a heated controversy is going on over Reagan's economic policies. American economists are unanimous in the two objectives, namely, cutting future budgetary deficits by a big margin and bringing down interest rates and keeping them at a low level. The differences are focused on ways to achieve these goals. Economists involved in the controversy can be divided into four main groups:

1. Financial conservatives. This group mainly consists of industrialists and the principal Republican faction in Congress. They hold that the key to achieving the objectives of bringing down interest rates, increasing capital investment and boosting the economy lies in balancing the federal budget. They advocate that the number of people who can enjoy Social Security benefits should be greatly reduced and that defense spending should also be cut and that taxes should be increased, so as to reduce the budgetary deficit.

2. "Democrats indulging in technology." This is a group of liberals of the new generation. They argue that the key to economic development lies in giving a stimulus to high-technology industry, especially the sophisticated electronics industry. They eagerly try to find a solution to mitigating unemployment and economic repression by increasing investment. They also call for the government and enterprises to join hands in running joint ventures so as to bring about an economic recovery.

3. Traditional liberals. This group is led by Senator Edward Kennedy and other staunch Democrats. They criticize the method of reducing taxes according to the advocacy of the supply school theory for the purpose of stimulating investment. They try to prevent the number of people enjoying Social Security benefits from being reduced and maintain that defense spending must be cut by a big margin.

4. Reagan's conservative faction. This group insists on not reducing military spending and refuses to increase taxes. They hold that Reagan's economic theory has laid a foundation for long-term powerful economic growth.

At present, Reagan still firmly insists on his own economic theory, while opponents also strongly require him to change his policies. The voice of opposition comes from different circles. People predict that whether Reagan is willing or not, he will be forced to readjust his economic policies to a certain degree.

Even before Feldstein was named chairman of the Council of Economic Advisers, some people said: "Because it has been filled with first-class economists, the Council of Economic Advisers has been strengthened. This is gratifying." But it is still hard to say whether the council will really play an essential role, because the President will not allow his economic plan to retrogress. If the President does not follow their advice, it will be very difficult for them to play their due role. After a few months of work a difference has indeed appeared between them.

The Prospects for Economic Recovery Are Still Unclear

As of now, the Reagan's advisers have changed some of their forecasts on economic prospects. On 29 November last year, Feldstein said: "Even if the economy recovers to a certain degree and 5 million jobs are created, the unemployment rate by the end of the 1980's will be reduced to only 6-7 percent." "If the economy recovers rapidly, the danger of a galloping inflation rate will be brought about and the economic expansion will prematurely come to an end."

On 4 January this year, the "troika" commonly suggested "an increase in taxes simultaneous with a reduction in military spending so as to lessen the huge deficit; otherwise, high inflation rates will reappear and the crippled economy will encounter more difficulties." Feldstein also warned: "The deficit problem is the gravest threat to the U.S. economy and welfare."

On the same day, presidential spokesman Speakes said: Reagan would not act as his advisers told him to do; instead, he still "insisted on his ideas -- no reduction in defense spending and no increase in taxes."

These signals show that whether or not Reagan can cooperate with his advisers remains an open question.

Recently, after oil prices fell, Feldstein took an optimistic attitude and predicted that because of the fall in oil prices and the favorable condition with regard to inflation, the U.S. economy will recover at a pace faster than expected. He forecast that the 1983 economic growth rate would be 4.7 percent, and the unemployment rate, which is greatly influential, "will drop to 9-10 percent." Departing from his previous stand he said that economic improvement "is derived from various policies enforced in the past 2 years." But almost all economists agree that the United States will not be freed from the unemployment problem throughout the 1980's.

Therefore, how long will the current economic recovery in the United States last? This remains a puzzle.

SRV BORDER PROVOCATIONS REPORTED IN GUANGXI

OW121300 Beijing XINHUA in English 1252 GMT 12 Apr 83

[Text] Nanning, April 12 (XINHUA) -- Vietnamese troops continued armed provocations on the Chinese border in the Guangxi Zhuang Autonomous Region in the past few days. The provocations interrupted spring plowing and threatened the lives and safety of the property of the Chinese border inhabitants, Chinese military officials said.

From 08:30 to 16:00 hours, April 11, Vietnamese troops fired more than 3,100 shots with light, heavy and antiaircraft guns on 62 occasions at Shijie, Potou and Daxing of Kunmin brigade, Dongzhong Commune, Fangcheng County, the officials reported.

At 06:47, April 10, Vietnamese troops opened fire upon a group of peasants working in the fields of Naleng village, Tansan Commune, Fangoheng County, they said.

At 11:40, April 9, Vietnamese soldiers fired more than 300 bullets at Dongmin area in Longbang Commune of Jingxi County, disrupting the normal production of the Chinese peasants, according to the officials.

REPORTAGE ON ZHAO VISIT TO NEW ZEALAND, AUSTRALIA

New Zealand Arrival

OW122134 Beijing XINHUA in English 2123 GMT 12 Apr 83

[Text] Christchurch, New Zealand, April 13 (XINHUA) -- Chinese Premier Zhao Ziyang arrived here this morning, starting a 5-day tour of New Zealand to promote understanding, friendship and cooperation between the two countries.

It is the first visit by a Chinese premier since the establishment of diplomatic relations between China and New Zealand in 1972.

During his stay, Premier Zhao will have two rounds of talks with New Zealand's Prime Minister Robert Muldoon on bilateral relations and international issues of mutual interest.

After visiting New Zealand, the premier will visit Australia.

Premier Zhao had a stopover last night in Darwin, Northern Territory of Australia on his way to New Zealand.

Airport Welcome

OW130212 Beijing XINHUA in English 0122 GMT 13 Apr 83

[Text] Christchurch, New Zealand, April 13 (XINHUA) -- Premier Zhao Ziyang, the first head of government of the People's Republic of China to tour Oceania, flew into this garden seaport city of New Zealand today. The flight, which covered a distance of 11,700 kilometers in 16 hours, brought the Chinese premier and his entourage from mid-spring of Beijing to the brilliant autumn sunshine of the Southern Hemisphere.

As the special plane touched down at the international airport, Premier Zhao, Foreign Minister Wu Xueqian and other members of his entourage were warmly greeted by the governor-general's honorary aide D. Bool, Foreign Minister Warren Cooper and Mayor of Christchurch Hamish Hay. Chinese Ambassador Qin Lizhen was also present.

Warren Cooper, who was received by Premier Zhao during his China visit last month, will act as minister in attendance during Zhao's visit.

In his airport statement, Premier Zhao said that he "looks forward to an exchange of views" with Prime Minister Robert Muldoon on international issues of common concern as well as on bilateral relations, and will also "take this opportunity to know more about the achievements" of the New Zealand people. He said he hopes that this visit will help promote the mutual understanding and friendly relations and cooperation between the two countries.

Welcoming Premier Zhao at the airport were also residents of Chinese origin. A large banner, displayed by the Christchurch branch of the New Zealand-Chinese Association, reads in both Chinese and English: "Warm welcome to Premier Zhao Ziyang!" Bouquets were presented to Premier Zhao by two girls. Then the Chinese premier, accompanied by Cooper, drove to Noah's Hotel where he stays for the night. The visit, which will also take Premier Zhao to the capital Wellington and Auckland, comes after a series of exchange of visits by leaders and high-ranking officials of the two countries, including New Zealand Prime Minister Muldoon, former Chinese Vice-Premier Li Xiannian and Vice-Chairman of China's NPC Standing Committee Ulanhu.

Muldoon on Zhao Visit

OW130320 Beijing XINHUA in English 0304 GMT 13 Apr 83

[Text] Wellington, April 13 (XINHUA) -- New Zealand Prime Minister Robert Muldoon has said he expects to discuss trade, regional and world economic affairs with Chinese Premier Zhao Ziyang during his five-day visit to the country.

Speaking at a press conference yesterday, Muldoon said the principal issues they are going to discuss will be "bilateral and regional -- matters involving the South Pacific."

Muldoon said New Zealand's trade with China was increasing rapidly and China was often New Zealand's No. 1 market for wool.

The Chinese premier arrived in Christchurch today to begin his tour of New Zealand and Australia.

RENMIN RIBAO ON SRV INCURSON INTO THAILAND

HK121043 Beijing RENMIN RIBAO in Chinese 12 Apr 83 p 6

["Newsletter From Thailand" by Reporter Wang Rongjiu: "Ironclad Proof"]

[Text] On 9 April this reporter went to visit Thap Siem village, Ta Phraya County, not far from the Thai-Kampuchean border.

From a long distance, we saw many tents of different sizes scattered over a large stretch of land. The plastic cloth, which was used to build tents, had been softened by the heat under the burning sun. Most of the Kampuchean refugees sitting or lying inside these tents were women, children and elderly people. A mother watched the visitors with sad eyes, with a baby as thin as a stick in her arms. The refugees looked blank and wooden. Children with bare bodies looked us up and down. This interim refugee camp was accommodating more than 20,000 Kampucheans. They fled from Kampuchea to escape the gunfire of the Vietnamese Army since 31 March.

When we visited this refugee camp, a middle-aged man told us that the Vietnamese Army in fact started attacks on the refugee camp on 30 March. Shells fired by the Vietnamese artillery followed these defenseless refugees. Hundreds of people were killed by the Vietnamese Army. Refugees who were already utterly destitute denounced the Vietnamese troops for looting their last bit of food and clothes. How can one not utterly detest the invaders who had brought untold disasters to the Kampuchean people when viewing these starving refugees struggling in the intense heat. Pointing at these refugees in their tens of thousands, a reporter from an ASEAN nation said: "They are an ironclad proof of the atrocities committed by the Vietnamese Army."

Did Vietnamese Vice Foreign Minister Hoang Van Loi not flagrantly clamor that the Vietnamese Army in Kampuchea had to "go in hot pursuit?" But this reporter found that the artillery shells of the Vietnamese Army had "gone in hot pursuit" into Ta Phraya County's secondary school, which is 7 kilometers away from the border. One of the Vietnamese shells hit the roof of the school building and damaged two floors but fortunately the shell did not explode. Otherwise, the whole building would have been completely destroyed. Now, the unexploded shell is displayed on the campus. It has become another ironclad proof of the Vietnamese Army's violation of Thailand's sovereignty and of the damage they caused to the Thai people.

Since 31 March, the Vietnamese troops invading Kampuchea have made five incursions into Thai territory and penetrated 2 kilometers into Thailand on one occasion. The Thai units have launched a counterattack and driven all the invaders from their territory. In a makeshift thatched hut at the place where the Vietnamese troops intruded into Thailand, some of the war materials of the Vietnamese troops captured by the Thai troops in the fierce fighting are on display. A rough count by the reporters showed a recoilless cannon, 5 antitank mines, 10 assault rifles, 9 gas masks, 40 stretchers, 16 helmets, 11 iron shovels, 1 iron pick, a section of tank track, a large quantity of field packs, rubber shoes as well as various bullets, rocket and cannon shells and also 2 Vietnamese postage stamps, 3 photographs of Vietnamese women, a letter and Vietnamese banknote. There are also notebooks written in Vietnamese. A Thai soldier pointed to the gas masks and said to the reports: "It is very obvious what this means." Another 26-year-old Thai soldier who took part in the fighting said to the reporters: "A soldier cannot throw away his rifle. The people who have thrown away their rifles on the battlefield are either dead or wounded." He also said: "We also have casualties, but we have safeguarded our country from encroachment."

Prime Minister Prem Tinsulanon of Thailand after visiting these captured materials on the morning of 9 April said to the reporters present: "This is the most serious incident so far. At the same time we can see that our casualties have been caused by the deliberate and direct Vietnamese encroachment on our territory." Prime Minister Prem stressed: "What we have done is only for the sake of safeguarding the sovereignty and territorial integrity of our country. We are not like the other side which is for the sake of occupying other people's territory."

"The casualties suffered by our soldiers have also been for the sake of safeguarding the country. Therefore, our action has the widespread support of various countries."

We spent an entire day gathering news along scores of kilometers in the border area. We greatly admire the spirit of the soldiers and civilians of Thailand who are safeguarding their country with vigilance and determination magnified a hundredfold. In the township of Aran, life is proceeding as normal. An official of Ta Phraya, which is on the front line, said: Although the sound of cannon is constantly heard, election activities are being carried on as usual. The Thai general election will be held as scheduled on 18 April, and the authorities are taking steps to safeguard the safety of the voters. Under the scorching sun, sentinels are vigilantly watching every move on the other side of the border. A Thai officer said: "The invaders will not get anything, and what they have left behind will only prove that they are the aggressors."

SIX VIETNAMESE SOLDIERS DEFECT TO THAILAND

OW131200 Beijing XINHUA in English 1128 GMT 13 Apr 83

[Text] Bangkok, April 13 (XINHUA) -- Six Vietnamese soldiers in Kampuchea crossed the border into Thai territory and surrendered to the local government of Kab Choeng District, Surin Province Monday, reported the local press today quoting an announcement of the Royal Thai Army Command.

The six defectors had taken part in the Vietnamese attacks on Sihanoukville in Kampuchea, about two kilometers from the Kampuchean-Thai border.

They are reportedly being questioned by the Thai department concerned.

THAILAND, U.S. TO HOLD JUNE MILITARY EXERCISE

OW111308 Beijing XINHUA in English 1246 GMT 11 Apr 83

[Text] Bangkok, April 11 (XINHUA) -- Thailand and the United States will hold a joint military exercise in Thailand in June, Supreme Commander of the Thai Armed Forces Saiyut Koetphon said here today.

Saiyut made the announcement following the arrival of the second U.S. arms shipment, part of the U.S. emergency airlift of weapons for Thai forces in the wake of the Vietnamese offensive in Kampuchea.

He said that the exercise will enable Thailand to review its capabilities in transporting military supplies to distant areas should a war break out.

He said that the recent border fighting was provoked by the Vietnamese who intended to lure Thai forces into a war against them inside Kampuchea.

The Thai troops will not cross the border to fight the Vietnamese occupation troops in Kampuchea, he said, stressing that "we will fight Vietnamese-backed Heng Samrin forces only when they violate our sovereignty and intrude into Thai territory."

MEMORIAL SERVICE FOR FRENCH AIR CRASH VICTIMS

OW121432 Beijing XINHUA in English 1414 GMT 12 Apr 83

[Text] Guangzhou, April 12 (XINHUA) -- A memorial service was held today for the five French employees of the Total-China Co. Ltd. of France killed in the April 4 air crash before their coffins were shipped from Guangzhou to France. The five -- four technicians and one secretary -- were killed when their King-Air plane crashed shortly after it took off from the Baiyun Airport, Guangzhou, April 4. Also killed were the three Chinese crew members.

In his speech at the service, J.M. Habegre, manager of the Total-China Company, expressed his sympathy for the crash victims and his company's gratitude to the Chinese authorities for their work in dealing with the aftermath of the accident. P. Petit, first secretary (consular affairs) of the French Embassy in China, said he hoped to continue cooperation between China and France in the joint exploration of the petroleum resources in the South China Sea.

Guo Hao, deputy director of the Civil Aviation Administration of China, and other officials attended the service. Guo is head of a group now investigating the cause of the accident.

TURKISH LEADERS MEET ZHU MUZHI 11 APR

OW121206 Beijing XINHUA in English 0748 GMT 12 Apr 83

[Text] Ankara, April 11 (XINHUA) -- President Kenan Evren today told visiting Chinese Minister of Culture Zhu Muzhi that it would be in the interest of peace and stability in Asia if Turkey and China become stronger. He said that Turkey wishes to improve relations with its neighboring countries, but this will be possible only when they act out of goodwill. Evren told the Chinese culture minister that he had ordered his education minister to double the number of Turkish students in China. He also said that he will entertain a Chinese child at his home during the children's week celebrations later this month.

Zhu Muzhi said that there is a traditional friendship between the people of China and Turkey. There are great potentialities and broad prospects for Sino-Turkish friendship and cooperation, he stressed.

In his talks with the Chinese culture minister this afternoon, Turkish Prime Minister Bulent Ulusu said that Turkey's position as a member of NATO does not affect its friendship with China. The two countries have a lot in common, particularly in the field of culture, he noted. "Understanding and trust between each other are the basis for the development of bilateral relations and Turkey is ready to cooperate with China in all fields."

Zhu Muzhi said that the basic principles of China's foreign policy were formulated by the late Chinese leaders Mao Zedong and Zhou Enlai. He stressed that the Chinese Government resolutely pursues the policy of the five principles of peaceful coexistence in international affairs. The Chinese culture minister today also held talks with four senior Turkish officials, including the foreign and education ministers. Yesterday evening Zhu Muzhi gave a return banquet to thank the Turkish side for its hospitality. Six Turkish ministers attended the banquet.

CPC DOCUMENT NO 1 ON RURAL ECONOMIC POLICIES

OW111059 Beijing XINHUA Domestic Service in Chinese 0202 GMT 10 Apr 83

[Text] Beijing, 10 Apr (XINHUA) -- At the request of the grassroot-level cadres and masses of peasants, ZHONGGUO NONGMIN BAO on 10 April published excerpts of CPC Central Committee Document No 1 for 1983 entitled "Some Questions Concerning the Current Rural Economic Policies." The document was issued at the beginning of this year. The CPC Central Committee has notified all localities to regard the document as a draft policy for trial implementation and extensive discussion.

The "Some Questions Concerning the Current Rural Economic Policies" (excerpts) published by ZHONGGUO NONGMIN BAO follows:

The 12th CPC National Congress has put forth the grand objective to create a new situation on all fronts of socialist modernization and strive to quadruple the country's annual gross value of industrial and agricultural production by the end of this century and has decided that the development of agriculture is one of the strategic priorities for achieving this grand objective. The whole party, especially comrades on the agricultural front, must steadfastly shoulder this glorious but arduous task.

Since the convening of the 3d Plenary Session of the 11th CPC Central Committee, many great changes have taken place in China's countryside. The one with the most far-reaching significance among them is the institution of the various forms of agricultural production responsibility system, of which the output-related system has gradually become the primary form. Applying the principle of combining unified management with separate management, the output-related system brings into full play both the superiority of a collective and enthusiasm of an individual. Further improvement and development of this system will certainly enable the concrete course of socialist agricultural cooperation to become more in line with the reality in our country. The system is a great creation by the Chinese peasants under the CPC leadership and a new development of the Marxist theory on agricultural cooperation in practice in our country.

The institution of the output-related system of contracted responsibilities and various rural policies has saved the stagnating situation in agricultural production in our country over a long period and promoted the transformation of agriculture from self-supporting or semi self-supporting economy to a larger scale of commercial production, thus transforming traditional agriculture into modern agriculture. This trend indicates that a vigorous development in China's rural economy will take place faster than anticipated, thereby providing an even better condition for achieving the strategic objective put forward by the 12th CPC National Congress. Now, the direction is already clear and definite, the road is open and the masses are marching ahead. The primary problem we have encountered is that quite a few comrades lack sufficient ideological preparedness for this historical reform and that reform at certain superstructures cannot cope with the needs of changes in economic foundations. If this situation is not changed, the peasants' rising enthusiasm may be dampened again and the booming rural economy suffocated. All party and government departments and leading cadres at various levels should strive to further emancipate their minds, be bolder at carrying out reform and do a more solid job in their work. They must take the initiative to enthusiastically serve the people, the grassroots and the production, earnestly implement the line, principles and policies formulated by the 12th CPC National Congress, and, relying on the 800 million peasants and large numbers of intellectuals, make their share of contributions toward building a new countryside with a high level of material and spiritual civilization and toward the further success of the socialist undertaking in the rural areas.

1. In order to strive to fulfill the task to quadruple the country's annual gross value of industrial and agricultural production by the end of this century and all the targets for agricultural development set by the state, all localities should formulate their own plan for agricultural development, taking into account the local resources, and, in light of local economic and technical conditions, adopt effective measures to ensure realization of the plan.

While fulfilling the targets for agricultural development, it is necessary to pay attention to strictly controlling population growth, reasonably utilizing natural resources, and maintaining a balanced ecological environment. We should, under these preconditions, restructure the rural economy by practicing intensive farming on limited arable land and diverting the large surplus labor forces to the vast areas of diversified economy, reform the economic management system to vitalize the economy and create a lively situation in increasing commodity production, and improve the conditions for agricultural production by intensifying efforts to disseminate agro-science and technology and education in them in order to provide agriculture with a more advanced material and technical foundation. To put it briefly, it is necessary to gradually restructure the rural economy, reform the system and carry out technical transformation in line with the actual condition in our country in order to map out the course for developing socialist agriculture with Chinese characteristics.

2. China's rural areas must take the road of all-around development of agriculture, forestry, animal husbandry, sideline undertakings and fishery and comprehensive management of agriculture, industry and commerce. Only in this way, can the rural areas maintain a normal cycle of agricultural ecology, improve economic results, satisfy the needs of industrial development and the urban and rural people and set up a multiple-department economic structure to employ rural surplus manpower in other undertakings than farming right in the countryside. Only in this way, can we make the peasants well-off, change the face of the rural areas, set up small economic and cultural centers throughout the countryside and gradually reduce the distinction between workers and peasants and between urban and rural areas.

In recent years, we have achieved remarkable results in readjusting the structure of agriculture in accordance with the correct principle of sparing no effort in promoting grain production and diversified undertakings. Our country has a vast population but not enough arable land. To feed the people is always a task of primary importance. Grain is our people's staple food as well as an important raw material for the food industry and fodder industry. Taking the situation as a whole into consideration, we must solve the food grain problem through self-reliance. Therefore, we must pay great attention to grain production. We should guarantee that arable land suitable for growing grain is used for growing grain in order to steadily increase our gross grain output. At the same time, we should reasonably set aside an appropriate area of arable land to grow industrial crops and restore forestry, animal husbandry or fishery on land not suitable for farming. We should pay attention to the use of vast mountainous regions, hilly land, grassland, water areas, coastal areas and beaches and develop them in a planned way to increase the production of animal husbandry products, aquatic products, forestry products, foodstuff and edible oil from woody plants, fruit, other food and industrial raw materials. We should emphasize increase of per-unit output of products and stress economic results.

Our animal husbandry has a great potential, particularly in the development of herbivorous animals, such as cattle and sheep. The notion that animal husbandry cannot be developed if grain production is not developed is not true.

If we practice scientific livestock breeding, run the fodder industry well and rationally use fodder resources, we will be able to increase several times over the production of food from animals, such as meat, eggs and milk, in not too long a time. The development of animal husbandry and the integration of agriculture, forestry and animal husbandry will in turn promote agriculture. For quite some time, agricultural products have been transported to distant cities for processing and the rural areas just produced raw materials. This situation not only causes unnecessary attrition and wastes of agricultural products, it also limits the scope of employment of rural laborers and restricts the results of multiple use of agricultural products. This situation must be gradually improved in a planned way. From now on, additional agricultural product processing facilities should be set up as near to the source of raw materials as possible. After the peasants fulfill their delivery and sales quota, they should be permitted to process and sell their surplus agricultural products, so that agricultural products can be used in many ways and the peasants can earn more income. However, we should pay attention to making overall arrangements to guarantee the fulfillment of the state revenue plan and the state purchase and marketing plan.

3. To stabilize and perfect the system of responsibility for agricultural production remains the primary one of our rural tasks at present.

The rapid development of the output-related system of contracted responsibilities is absolutely not accidental. With peasant households or job groups as the contractors, this responsibility system has expanded the peasants' decision-making power, brought into play the advantages of small-scale operations and overcome the shortcomings of over-centralized management, inefficiency of a large number of persons working together and equalitarianism. It also inherits the positive results of the past movement to organize cooperatives, adheres to the system of public ownership with regard to basic means of production, such as land, continues certain functions of unified operations and brings into better play the role of newly added productive forces which were developed through many years of effort. The combination of decentralized operations and unified operations has wide suitability. It suits the present situation of the dominance of manual labor and the characteristics of our agricultural production. It also suits the needs of the development of the productive forces in the course of agricultural modernization. Under this operational system, the family operation under a contract is a new-type family economy practiced at one of the operational levels of collective economy. We should not confuse it with the past small individual economy of private ownership because they are essentially different from each other. Therefore, we should actively support the masses' demand for adopting this practice wherever they are. Of course we should not force the people to practice it if they have not asked for it. We should always permit simultaneous existence of various forms of responsibility systems.

The key to perfecting the output-related system of contracted responsibilities lies in properly handling the relationship between unified operation and individual household operation. The communes and brigades in which unified operation is the mainstay should pay attention to learning from the advantages of individual household operation. For example, certain localities, on the basis of handling agricultural, sideline and industrial production in a unified manner, have achieved very good results by adopting the measures of "granting contracts of specialized projects to specialized households so as to distribute the responsibility of completing them." In accordance with the needs in the development of production, those communes and brigades in which individual household operation is the mainstay should follow the principle of mutual benefit and properly handle what the peasants want to be handled in a unified manner.

For example, to serve the rural households, a system must be instituted so that projects involving tractor-plowing, irrigation, plant protection, epidemic control, seed processing, breeding and so forth can be handled in such a way that they may be managed in a unified manner or contracted to specialized households. The output-related system of contracted responsibilities must also be enforced in the forestry, animal husbandry and fishery sectors, in the reclamation of barren hills and exploitation of unused water resources and in other projects of economic diversification.

The contract system must be established and perfected. This is an important link in perfecting the system of responsibility in agricultural production, and it is also conducive to correctly handling the relationship among the state, collectives and individuals and to integrating the state's purchase of agricultural products and its supply of the peasants' means of production and livelihood.

Operation and management must be strengthened and a financial system must be established and perfected. Additionally, certain local problems, such as improper allocation of land, lack of measures for encouraging investment in soil improvement and other land improvement work, failure to support families with material difficulties, imperfect system of personal responsibilities among cadres and irrational pay for cadres and among different professions and so forth, must be settled properly as soon as possible.

4. All types of cooperative economic projects should be developed to meet the needs in commodity production.

Following the development of economic diversification and the establishment of the output-related system of contracted responsibilities, a great number of specialized households (key households), including specialized contractors and self-managed specialized households, have come to the fore. From the very beginning these households emerged as commodity producers seeking economic results and fully utilizing the small financial resources and manpower, thus giving free rein to the role of all types of go-getters in the rural areas and promoting division of specialized production and various forms of economic integration.

Economic integration, which is essential for the development of commodity production, is the path we must take in order to bring about a socialist, modernized agriculture. Today, various forms of social services required before and after production, such as the services concerning supply and marketing, processing, storage, transportation, technical knowhow, information, credits and so forth, have gradually become the urgent needs among the masses of agricultural producers. To accommodate such objective needs, the cooperative economy will also extend its operation towards these areas and will constantly enrich its form and substance.

Owing to influence of "leftist" mistakes, certain misconceptions have prevailed over a long period. For example, cooperation could only mean the amalgamation of all means of production without permitting a certain degree of operation by individual households; or it could only mean distribution according to work without allowing dividends for the shareholders; or it could only mean cooperation of production but not cooperation in other links required and after production; or it could only mean cooperation within a certain region and stage-by-stage transition of ownership but not inter-regional and multilevel integration. However, the masses are beginning to smash all these unrealistic restrictions with practical actions.

In view of the situation in our rural areas, the degree of public ownership of the means of production in the cooperative economy, the way of distribution according to work and the contents and forms of cooperation may be varied according to different methods of production and economic conditions in different areas, so that interested parties can maintain their own characteristics. For example, funds and manpower may be pooled, combined management may be practiced on condition that units' and individuals' ownership of the means of production is not affected, or the form of family management is retained.

In addition to cooperation in production, there may also be various forms of combination [Lian He 5114 0678] in such links as supply and marketing, coordinated transport and technical services. There may be various forms of regional or inter-regional combination. All such forms of combination are part of the cooperative economy of a socialist character, provided that participating laborers follow the principle of voluntary participation and mutual benefit, accept guidance by the state plan and practice a democratic management system, that they deduct a percentage from their income for public funds which belong to the collective, and that they practice the principle of distribution according to work or share out bonuses according to the amount of money paid for shares, while generally practicing the principle of distribution according to work. Thus, through various forms of multi-level economic combination, many scattered producers will be able to link naturally and without any difficulty, and become an organic part of the socialist economy as a whole.

5. The people's commune system is to be reformed in two aspects -- to institute the production responsibility system, especially the output-related system of contracted responsibility, and to separate government administration from commune management.

Preparations must be made for systematically changing the system of the people's commune, which combines government administration and economic management, to the system of separating government administration from commune management. Where such preparations are made, this change should be effected. Before separating government administration from commune management, communes, production brigades and teams must conscientiously perform their required administrative functions, in order to ensure the normal performance of administrative work. After separating government administration from commune management, organs of state power at the basic level should be established in accordance with the Constitution.

After instituting the output-related system of contracted responsibility, the production team, the original basis accounting unit of the commune, or the brigade, mainly practices unified management or management on a household basis. This is still the cooperative economy under collective ownership by the working masses. The management organs of production teams must also make arrangements for certain production projects, under the guidance of the state plan, ensure the fulfillment of their produce-selling quotas, manage collective land, other basic means of production and other public property and provide various services for commune members. Such regional organizations of cooperative economy are necessary for making full use of land. The name and scale of such organizations and the establishment of their management organs should be decided by the masses in a democratic way. Whether the commune and the production brigade, which is not a basic accounting unit, are to be abolished or retained as an organization of economic combination should be determined according to specific conditions after consulting with the masses. Funds for operating communes' original facilities will be allocated as usual.

The existing enterprises run by communes, brigades or production teams, which are an economic force in support of agricultural production, can provide services for peasants' diversified undertakings. In the reform of the system, such enterprises must be conscientiously protected but must not be weakened, much less dispersed or destroyed at will. Enterprises run by communes, brigades or production teams also belong to the cooperative economy, and efforts should be made to run them well and to continue to strengthen and develop them. It is necessary to conscientiously readjust and consolidate such enterprises, to strengthen their democratic management and the supervision of them by the masses and to institute various forms of production responsibility systems. Some enterprises may institute on a trial basis the system of contracted responsibilities by the manager (or factory director).

The system of contracted responsibilities by the manager is basically characterized thus: The ownership and accumulated funds of the enterprise belong to the collective, the manager has full power to handle the business of the enterprise within the scope of his authorization by the collective and in the contract period; when the manager fulfills his contracted tasks, he will be handsomely paid or given a percentage of the above-quota profits; and when he fails to fulfill his contracted tasks or runs the enterprise at a loss, his pay will be reduced accordingly or he will have to bear a proportion of the loss. In implementing this system of contracted responsibilities, precautions should be taken against a few people who may take advantage of their power to monopolize things.

6. Being a socialist country, China disallows the existence of an exploiting system. However, China is also a developing nation. Particularly in the countryside, the level of productivity is still fairly low and commodity production is not well developed. To permit the interflow of capital, technology and manpower to a certain degree, and their integration in various forms, is conducive to the development of the socialist economy. Therefore, it is necessary to deal with the newly emerging rural economic phenomenon in different ways. For example, the exchange of laborers between one peasant household and another, the hiring of casual laborers by a peasant household with a disabled or insufficient laborers, and the hiring of seasonal laborers or professional and technical workers by peasant households for developing cooperative economy should be permitted, because they are considered as mutual labor assistance and technical coordination. The experts in individual rural industrial and commercial households and in animal breeding households in the countryside may hire assistants or take on apprentices according to the "regulation of policy issued by the State Council regarding nonagricultural individual economy in cities and towns." Individual peasants or households under unified management should be allowed to purchase machinery for the processing of farm and sideline products, small tractors and small motor boats as means of production and transportation, because such purchases are conducive to developing commodity production in the countryside and invigorating the rural economy. At the present stage, it is not necessary, in principle, to forbid individuals to purchase large or medium-sized tractors and motor vehicles. On the basis of local conditions and the situation in fuel supply, various localities may work out feasible plans and measures for the marketing of such tractors and motor vehicles. State-run enterprises and undertakings should refrain from selling to peasants those motor vehicles which can be reconditioned.

7. Currently, we are entering the stage of the vigorous development of socialist commodity production in the cities and in the countryside. In order to stimulate the circulation of commodities and promote the development of commodity production, we must adhere to the principle of the leading role of the planned economy and the supplementary role of market regulation, readjust the purchase and marketing policies, reform the state commercial system, boldly develop cooperative commerce, adequately stimulate individual commerce, and realize the coexistence of all forms of commercial economy, with state commerce playing the leading role. It is necessary to refrain from separating the cities from the countryside, remove the regional blockades and open up more channels for commodity circulation.

First, to readjust the policy of purchasing and marketing farm and sideline products is completely necessary to achieve unity. However, not too many varieties of farm and sideline products should be included in this category. From now on, we will continue to purchase, in an unified manner, the few major farm products which will affect the national economy and the people's livelihood.

We should permit peasants to market, through various channels, those products not included in the state unified purchase plan, as well as products (which include grain, but exclude cotton) after they have fulfilled their targets to sell products to the state in a unified manner. State-run commercial undertakings should actively develop their business in purchasing and marketing commodities at negotiated prices, and participate in the work of carrying out market regulation. Supply and marketing cooperatives and other cooperative commercial organizations in the countryside may purchase and market such products in a flexible manner. Individual peasants may also run a related business. Such products should be allowed to be shipped to cities and out of the country or province. It is necessary to abolish the regulation that the shipment of farm and sideline productions to other localities must be checked and approved by the unit in charge of this area. The prices for the purchase and marketing of farm and sideline products, after the state purchase targets have been fulfilled, may rise or fall.

Second, in procuring certain badly needed commodities in an unified manner, we generally must not carry out the practice of purchasing all the commodities. We should work out a basic figure for procurement if we are able to do so, and refuse to make changes for several years, so that producers will have some power to handle their own products. It is essential to gradually promote the system of signing purchase and marketing contracts. Contracts must be strictly implemented, once they have been signed.

Third, efforts must be made to develop cooperative commerce. The existing cooperative commercial organizations, such as the joint agricultural, industrial and commercial companies and the distribution departments and trade warehouses for products manufactured by commune-run and brigade-run enterprises, have played an active role in invigorating the rural economy and promoting the interflow of materials between cities and countryside. However, some problems exist. We must retain what is good and do away with what is bad, through consolidation, and bring about continual development.

Basic-level supply and marketing cooperatives should restore the nature of doing cooperative business, expand the sphere of their businesses and services, and gradually turn themselves into comprehensive service centers to render services in supplying and marketing, processing raw and semi-finished products, and in storage, transportation and technology. The original county-level supply and marketing cooperatives should become the joint economic organizations of basic-level supply and marketing cooperatives. In areas where the system of supply and marketing cooperatives has not been reformed on an experimental basis, it is necessary to carry this out in selected units. In areas where such reform has already been carried out, it is essential to summarize the experience gained in selected units to promote the work in the whole area, step by step. The State Council and the departments concerned must start to formulate a specific plan for the reform of the system of supply and marketing cooperatives right away, conscientiously organize the departments concerned to implement this plan and strive to accomplish this reform throughout the country, steadily and reliably, and as soon as possible.

Fourth, the individual commercial establishments and various service trades in the countryside have managed their businesses flexibly and made things convenient for the masses. They should be further adequately developed and given the necessary support. The practice of transporting goods for sale over a long distance, either individually or in partnership, is conducive to expanding the sale of farm and sideline products, to solving the contradiction between excessive supply of goods in the place of production and shortage of goods in places where such goods are marketed.

This practice should be permitted. However, peasants doing this kind of business must register, as industrial and commercial establishments do, and pay taxes according to law. The goods they transport for sale over a long distance are limited to those farm and sideline products which they are permitted to sell on the market after the targets for state purchases are fulfilled.

Fifth, on the basis of the peasants' daily increasing needs, the state-run commercial establishments must vigorously organize the shipment of manufactured goods to the countryside. At the same time, it is necessary to permit individually and collectively run commercial establishments to buy goods from the wholesale center to replenish their stock. There must be a reasonable price difference between wholesale and retail and between the place of production and the places where the products are being marketed, so that those who do business would make a profit.

Sixth, after the requirements in implementing the policy on commodity circulation are relaxed in the countryside, we must pay attention to educating peasants about "taking into account the interests of the state, the collective and the individuals simultaneously," insure the fulfillment of the targets in selling products to the state, both in quantity and quality, and strive to make even greater contributions, support national construction and insure supplies to the market. At the same time, we must firmly strengthen market management, and resolutely and quickly deal with all types of practices violating the law. The industrial and commercial administrative departments and the departments in charge of taxation, commodity prices, public security, transport and communications should work out related rules and regulations on the basis of the various provisions on relaxing the requirements for the implementation of the policy, so that people can follow such rules and regulations.

8. It is necessary to continue implementing technical transformation in agriculture and set up and improve the system for the study and promotion of agro-science and technology, and the educational system to train competent people for rural construction, so that China's rural economy will flourish even more rapidly, with our relations of production improving with each passing day and our technology continually developing.

The technical transformation of agriculture in our country should have its own distinctive features. On the one hand, attention must be paid to bringing into full play the advantages of traditional agriculture, such as intensive and meticulous farming, energy saving, low consumption of materials and the maintenance of the ecological balance; and on the other hand, modern technology and advanced management methods should be introduced into various aspects of rural production and construction. Investment in agriculture should be systematically increased. It is necessary to restudy and draw up plans for agricultural mechanization in different regions of our country. Particular attention should be paid to developing small, multipurpose, good-quality and low-priced farm machinery. Irrigational conditions should be improved according to local conditions. It is necessary to increase the supply of chemical fertilizer, to improve the proportional structure of nitrogen, phosphorus and potassium, to improve the soil, to raise the utilization ratio of land and labor productivity and to rapidly develop pesticides as substitutes for the highly poisonous and inefficient ones now in use. It is even more urgent to develop various produce-processing industries, the feed industry, transport, postal and telecommunications services, storage and drying facilities, as well as sources of energy, such as small hydropower stations, wind power, marsh gas, solar energy and fuel forests. Vigorous efforts must be made to develop them.

Attention should be paid to organizing forces in agricultural scientific research, technical popularization, education and training so that they can form a coordinated working system with a rational division of labor to provide effective services for rural construction. Achievements in scientific research have been made in various localities over the past many years, and it is necessary to do a good job in popularizing such achievements so that they can be applied in production. Advanced areas should be organized to help less advanced ones, and a good job should be done in the transfer of techniques, so that less advanced areas can quickly raise their production level. It is necessary to continue to select a number of scientific research projects and to organize forces to tackle related key problems. For example, new breakthroughs need to be made and systematic scientific and technological experiences to be gained in various fields, such as the selection and breeding of fine strains, the prevention and treatment of plant diseases and insect pests, epidemic prevention and quarantine for animals and plants, comprehensive utilization of biological resources, rational arrangements for production and the ecological balance.

To meet the needs of an upsurge in studying and applying science, which has occurred among peasants, all localities must do a good job in running state and collective technical service undertakings. By implementing the technical contract system, it is necessary to establish scientific and technical demonstration households, technical service companies, joint productive-scientific-technical establishments and associations for the popularization of science and technology in order to popularize knowledge of agricultural science and technology, as well as scientific and technological achievements, and to provide scientific and technical services for peasants.

Vigorous efforts must be made to reform rural education. It is necessary to vigorously make compulsory primary education universal, to eliminate illiteracy among young people and those in their prime, and to systematically increase the number of agricultural or other vocational middle schools. Institutions of higher learning and technical secondary schools, which are geared to the needs of rural areas, should adopt new measures in enrolling students and assigning jobs to their graduates, in order to open the way for qualified people to work in rural areas. Vocational or technical education and training should be conducted among peasants in various ways. Rural education must meet, not deviate from, the demands of the broad peasant masses, who want to develop production, to become better-off through hard work and to have qualified people work with them. In carrying out rural education, consideration must be given to the characteristics of rural residents' work and daily life, which must not be ignored. Different requirements should be set and different arrangements made for different parts of the country, according to the financial and material conditions of the local masses and the educational level of local students. The departments concerned should work out plans as soon as possible and systematically carry them out.

There are a large number of skillful craftsmen, experts in production, educated youth and ex-servicemen in the countryside. We should bring their specialities into play, support them in establishing technical service organizations and permit all rural economic organizations to hire them. Those who have become specialized through self-education and have made achievements in work may be assigned technical job titles, after their specialities and achievements are verified. The state should formulate, as soon as possible, personnel regulations to encourage technical personnel to work in rural areas and should improve the treatment of rural technical personnel in various respects. We should encourage urban intellectuals to voluntarily go to work in rural or outlying regions, even just working for a short time there.

Agrotechnicians should be permitted to sign contracts with economic organizations and draw a certain amount of dividends, in addition to regular wages, from the increased proceeds.

9. It is necessary to tap new sources of funds in order to speed up rural construction. With the state financial situation becoming better, we should gradually increase our investment in agriculture. However, limited state investment can only be made in important construction projects which the people are incapable of building, such as development of major reclaimed or forest regions, large water conservancy projects, electric power projects, main highways, telecommunications, storage and transport facilities. The building of small farmland capital construction projects and service facilities should primarily rely on the funds accumulated from agricultural income and on rural labor.

In order to solve the funding problem, we should first invigorate the rural economy. Only through invigoration of the economy can we acquire and accumulate funds. At the same time, we should educate the peasants to make them understand the reason why we must "first, feed the people and second, build the country." All cooperative economic organizations should establish the rules of depreciation for fixed assets, of retention of public funds and of necessary labor investment.

The peasants may be encouraged to build, either individually or in partnership, basic rural facilities, such as warehouses, highways and small hydroelectric power stations. A system of charging the users should be implemented to benefit the builders, so that the capital can be retrieved and turned over. Agricultural banks and credit cooperatives should improve their services and play their proper role in accumulating funds, extending credit loans and supervising the use of funds. Credit cooperatives should persistently retain the nature of a cooperative banking organization.

We must adhere to the principle of achieving our potential when we undertake a project requiring the use of the people's financial resources. We should never repeat the past mistake of doing everything in a big way. We must pay great attention to keeping the work force and spending at a minimum, preventing waste and reducing the peasants' burden.

10. In order to carry out the policy of sparing no effort in promoting grain production and diversified undertakings, all professions -- agriculture, forestry, animal husbandry, sideline occupations and fishery alike -- should establish a number of commodity production bases, in accordance with the principle of adaptation to local conditions, utilization of strong points and appropriate concentration of certain products in certain areas. These bases should produce certain major products, enjoy a fairly high percentage of marketable products, have the support of supply and marketing, transport, processing, storage and technical services, and have such basic facilities as energy, transportation, post, telecommunications and water conservancy facilities. Surveys must be conducted and plans and designs completed before a large, medium-sized or small commodity production base or a small town is built. The building must be approved by the department in charge and be incorporated into the state or local capital construction plan.

The products should be processed in the production bases in order to ship out finished or semi-finished products as much as possible. After fulfilling their delivery quota, the grain production bases should make use of surplus grain for food and fodder and develop livestock breeding in order to achieve maximum economic results by using grain in a multiple way and reducing transport attrition.

State-operated commerce, foreign trade department, light industrial department and supply and marketing cooperatives should further improve their existing commodity production bases and establish various economic relations or joint operations with local peasants according to the principle of mutual benefits.

The state agricultural, forestry, livestock and fish farms are important commodity production bases of the state. They should implement the system of economic responsibility; undertake agriculture, industry and commerce at the same time; and strive to increase commodity production, improve commodity quality and make still greater contributions.

11. Currently, some remote mountain and minority nationality areas are still at a very low production level, and the masses in these areas are still faced with many livelihood difficulties. We must pay close attention to these areas, earnestly strengthen our work and strive to change their impoverished outlook as quickly as possible.

In these areas, we must adopt even more flexible policies than in other areas. In production, it is necessary to take advantage of local resources and effectively use state financial support to develop a diversified economy to provide work as a form of relief and change the practice of relying only on relief. Attention should be paid to improving transportation facilities, solving the energy problem, preventing and controlling endemic diseases and promoting education.

For the pastoral areas, we should conduct thorough investigations and studies, and improve production, circulation and other economic policies.

12. Excessive cutting of forests, decreasing farmlands and population growth are the three hidden troubles in our rural areas. In the excellent situation, we must remain clear-headed about these problems, adopt effective measures in various fields and deal with them seriously. First of all, we must resolutely check the two bad practices: namely, indiscriminate felling of forests and seizing farmland to put up houses, and we must strictly enforce family planning. At the same time, it is necessary to strengthen investigation and study and systematically solve the system, policy and legislative problems.

It is necessary to conscientiously implement forestry policies, mobilize the masses to plant trees and protect forests, cover the motherland with trees, increase vegetation and build up protection for the ecological environment. It is necessary to appropriately expand private plots of hilly land, actively support specialized households in growing seedlings and afforestation and do a good job in running state and collective forests. It should be announced, in clear-cut terms, that trees are owned by those who plant them, and that privately grown trees are inheritable.

It is a good thing for peasants to suitably improve their housing conditions as they gradually become well-to-do. However, it is necessary to do a good job in planning, and severely restrict the seizure of farmland to put up houses. The masses should be educated to proceed from the fact that our country has a large population and limited arable land, so that they will treasure every inch of farmland. Housing should be compact, reasonable, suitable and clear, but not roomy. In the construction of rural towns, it is necessary to firmly grasp the time elements, draw up overall plans on the basis of full investigation, and study and implement the plans after they are approved by the urban and rural construction departments and county people's governments.

Family planning concerns economic development and prosperity or decline of the nation, and must not be slackened in the slightest degree under any pretext. It is necessary through investigation and study to further improve policies and arouse the great majority of the masses' consciousness and enthusiasm about birth control. Attention should be paid to improving work methods and strengthening propaganda and education; coercion and commandism should be avoided. Such acts as female infanticide and injuring, and even killing of the mother must be strictly prevented.

In solving the above-mentioned three problems, the stress must be placed on party members and cadres taking the lead in exemplarily implementing policies and stopping unhealthy tendencies. County party committees and people's governments must take up their responsibilities in earnest. There should be clearly defined responsibility systems for cadres below county level.

13. The party's rural work must always adhere to the principle of paying attention to developing both material and spiritual civilizations, so that, in the entire countryside, there will be constantly improving material living standards, regular ideological and political progress and steadily growing culture and knowledge. It must be pointed out that, although success in various forms of rural economic work can help development of ideological and political work, it cannot be a substitute, and only when ideological and political work is strengthened will it be possible to ensure the sound development of the various rural reforms. All localities should, in accordance with the relevant instructions to be issued soon by the party Central Committee, carry forward the fine traditions, permeate all reforms and productive activities with the party's ideological and political work, and ensure the progress of all reforms, production and construction tasks.

It is necessary, through drawing up written pledges by rural commune members, to launch activities to build civilized villages and families. It is necessary to strengthen social order, build up security and civil mediation organizations, oppose and check all kinds of undesirable practices and unlawful actions, strengthen rural neighborhood unity and family peace, change village style and outlook, and foster socialist new practices.

14. It is necessary to train cadres in a systematic way, raise cadre quality and improve and strengthen party leadership.

In building a socialist agriculture with Chinese characteristics, although we have taken a step forward, on the whole we are still at a preliminary stage. In this period of historical change, all kinds of outmoded old ideas and habits often prevent people from recognizing new situations and accepting new things, resulting in waste of time and delay in work, causing losses. Therefore, the leadership at all levels must, first of all, do good ideological and political work among cadres and, through systematic training, organizing investigations, summing up work and rectifying party style, help them further emancipate their minds, broaden their horizon's, continue to eliminate the influence of "left" ideas, break through the old conventions fettering the development of the productive forces, and correctly treat newborn things. At the same time it is necessary to be realistic in making concrete policy decisions, strive to be safe and combine principle with flexibility. Whatever we do not understand, we must diligently learn from the masses and specialists and through practice. In doing anything which has an important bearing, we must conduct an investigation and experiment. Whatever the vast majority of the masses demand must be done and can be done, we must take seriously and strive to do well.

We must always respect the masses' creative spirit, follow the principle of "from the masses and to the masses," insist on giving different guidance according to different kinds of work, and proceed from the actual local conditions.

With the growth in commodity production and expansion of markets, cadres of departments concerned must all acquire the ability to use various kinds of economic means, enlarge work fields, improve service quality, get the peasants organized through their work and bring into play the role of planned guidance.

In the past few years the party committees and government organizations concerned at various levels have strengthened systematic investigations and study, provided scientific bases for the party to formulate rural policies and also done a great deal of work in unifying the actions of various trades and occupations. In the course of structural reform attention should be paid to ensuring the continuity of work and retaining necessary personnel so that the work will not be weakened.

It is necessary to show concern for and train existing cadres and encourage them to work actively. At the same time it is necessary to select competent people from all fields, pay attention to selecting cadres with specific practical experience and scientific knowledge from among middle-aged and young people, and systematically build up the ranks of cadres adapted to the requirements of agricultural modernization.

It is necessary to strengthen legislative work. It is suggested that the state organs will strengthen the legal system and enact relevant laws and regulations for the control of all forms of rural economy and their activities. At the same time, it is necessary to sort out, one by one, the past relevant laws, decrees and regulations, retaining those which should be retained and abolishing those which should be abolished. All laws enacted must be publicly announced in a suitable form so that laws are observed and lawbreakers will surely be punished.

The sustained growth in agricultural production and continually rising socialist enthusiasm among the peasants have proved that the party's rural policies are correct, that the vast numbers of cadres are active and hard-working, and that our work is fruitful. Now that the 12th party congress has set even more splendid goals for us, the party Central Committee firmly believes that party organizations at all levels and all cadres assuredly will outstandingly fulfill their glorious tasks and that an all-round, vigorous development of the rural economy in our country will certainly come at an early date.

DENG LIQUN ADDRESSES HISTORY SOCIETY SYMPOSIUM

OW120931 Beijing XINHUA Domestic Service in Chinese 1440 GMT 11 Apr 83

[By reporter Li Guangru]

[Text] Beijing, 11 Apr (XINHUA) -- In extending his greetings to the first annual symposium sponsored by the China Society of History, Deng Liqun, member of the Secretariat and director of the Propaganda Department of the CPC Central Committee, today expressed the hope that our historians would take greater responsibility in conducting patriotic education among the people. The symposium opened today.

The symposium sponsored by the China Society of History will hold academic discussions for the next 4 days. Then the third congress of Chinese historians will be held for 2 days, at which a new leading body of the history society will be elected.

In his speech at the symposium, Deng Liqun said: Patriotism has a broad mass basis. All people hope for national independence and prosperity; they all hope that our national dignity will be protected. We should start with patriotic education and gradually raise the people's communist consciousness so that they will work with one heart and one mind for the party's cause.

Deng Liqun suggested that historians, while engaged in teaching and research, should write special works or articles on China's rich cultural relics, historic sites, characters and events, culture, art and science in order to arouse and strengthen the people's patriotic feelings and zeal.

The China Society of History was established in the early 1950's. The society's activities were suspended for 10 years during the "Great Cultural Revolution." Since resuming its activities in 1980, the society has held two congresses.

This symposium has received nearly 200 papers. The main subjects to be discussed at the symposium will be: Marxism and history, historical heritage, development of socialist spiritual civilization as well as other related questions.

Liu Danian, executive president of the China Society of History, chaired today's symposium at which Zhou Gucheng, member of the presidium of the society and noted historian, made a speech. Attending the symposium were more than 200 historians and scholars, including Vice President Xia Nai, adviser Zhang Youyu and Secretary General Mei Yi of the Chinese Academy of Social Sciences.

PARTY, STATE LEADERS AT STAMP AWARD CEREMONY

OW121259 Beijing Domestic Service in Mandarin 2230 GMT 9 Apr 83

[Excerpts] The evaluation of the best stamps and first day envelope [shou ri feng] for 1982 through public appraisal was completed and a prize-giving ceremony was held at the Shoudu gymnasium on the evening of 9 April.

Some 320,000 philatelists from 32 countries and Hong Kong and Macao took part in the Public Appraisal. Party and state leaders including Xi Zhongxun, Deng Liqun, Bo Yibo and Zhang Aiping attended the prize-giving ceremony.

CPPCC MEMBERS INSPECT RURAL BEIJING COMMUNE

OW121430 Beijing XINHUA in English 1324 GMT 12 Apr 83

[Text] Beijing, April 12 (XINHUA) -- A commune official on the outskirts of Beijing told a group of inspectors today that "the people's commune in the old sense no longer exists."

Zhou Jiting, Communist Party secretary of Shahe People's Commune, some 20 kilometers from the city proper, made the remark today while 120 members of the National Committee of the Chinese People's Political Consultative Conference (C.P.P.C.C.) inspected his commune.

The 36-year-old party secretary said that people still call the basic rural organization a "commune." "But the commune is no longer a commune in the old sense, which was the basic unit combining production management with government administration," he said.

Now township, the basic form of rural state power, has replaced the government administration of the commune, he said. Economically, an agricultural, industrial and commercial complex, set up two years ago, has replaced the production function of the former commune.

Zhou is a member of the Standing Committee of the Changping County party committee. The commune he leads has 16,000 people and 1,530 hectares of farmland.

The commune was a lower-middle-level commune years ago. Since 1979, major changes have been made in the commune's economic and management structure, which has raised production by a big margin, he said. In 1982, the average income of the commune members tripled that of 1978.

Zhou said that in the past, commune members were told almost every day what to do by their team leaders. Now they are practicing the production responsibility system, under which fixed quotas are assigned to individual households.

"With the individual household as the basic unit, the peasants now believe that they work for themselves and not for the team leaders as they used to think," Zhou said.

The C.P.P.C.C. inspectors visited the homes of the peasants, and they enquired about rural education, health work and life of the elderly.

Before leaving the commune, Cheng Siyuan, a Standing Committee member of the C.P.P.C.C. National Committee, said that agricultural reform is necessary judging from the changes taking place in the Shahe Commune.

NEW PLA AIR FORCE 'LEADING CADRES' APPOINTED

OW121133 Beijing XINHUA Domestic Service in Chinese 0027 GMT 11 Apr 83

[By reporter Cai Shanwu]

[Text] Beijing, 11 Apr (XINHUA) -- The newly appointed directors and deputy directors of leading organs of the PLA Air Force have completed their first meaningful day of party life after assuming new posts.

The activities of the day were held after the new leading cadres replaced the old ones in the leading organs of the PLA Air Force. The activities included the study of the new party Constitution and "the guiding principles for inner-party political life." The comrades taking part in the study pledged to speak and act in accordance with the requirements set by the party Constitution and "the guiding principles for inner-party political life" and be promoters in creating a new situation.

The party committee of the PLA Air Force held that the first step of those newly appointed leading cadres would have an important bearing on promoting the building of the Air Force and creating a new situation for the work of various leading organs.

Accordingly, it asked party committees of the headquarters and political department to organize the newly appointed directors and deputy directors to study party members' obligations and necessary requirements for the party's leading cadres at various levels as stipulated in the new party Constitution and the related contents of "The Guiding Principles for Inner-Party Political Life." In their studies, the newly appointed cadres held discussions on how to implement the guidelines of the 12th CPC National Congress and create a new situation and linked their discussions with their own ideology and the actual situation of their respective departments. They were convinced that the new posts would not bring wisdom to them and that they must study modestly, be brave in seeking truth and lead the masses to create a new situation in order to constantly improve their capability.

Du Jicheng [2629 0679 2052], newly appointed director of the operations department of the Air Force headquarters, said: The promotion to a higher post is a heavy burden placed on my shoulders. We must never slacken our efforts or be afraid of difficulties and must take the lead and set good examples for cadres and fighters.

The secretaries of the party committees of the headquarters and political department of the PLA Air Force put forward specific demands on the newly appointed directors and deputy directors in political and ideological fields and in their style of work during their study. They encouraged the newly appointed cadres to keep up their revolutionary enthusiasm and to work hard and set strict measures permanently, bring forth new ideas and make achievements in their respective work, learn from Zhu Boru his noble character and maintain and carry forward the party's good style of work.

PLA CIRCULAR ON MARKING 'MAY 4TH' YOUTH DAY

OW121212 Beijing XHINUA Domestic Service in Chinese 1225 GMT 9 Apr 83

[Text] Beijing, 9 Apr (XINHUA) -- The PLA General Political Department recently issued a circular to the whole Army on commemorating the "May 4th" Youth Day. The circular urges the large numbers of youths in the Army to inherit and carry forward the fine patriotic tradition of the "May 4th" Movement, to take active part in reforms and to contribute their share toward creating a new situation for revolutionizing, modernizing and regularizing our Army.

The circular says: CYL members and youths in the Army should follow the glorious tradition perpetuated in the Chinese youth movement and the Army's youth work, thoroughly carry out the activities of the "five stresses, four beauties and three ardent loves" and of the "four have, three stresses and two fearlessness," adopt a communist approach in doing their work and dealing with fellow comrades, be prepared to make self-sacrifices, consciously put the interests of the state and the people above all else and become the new Lei Feng's of the 1980's.

The circular urges CYL members and youths of the Army to diligently study military affairs and politics, acquire scientific knowledge, seek education and become talented people capable of fighting battles as well as building socialism. During the "May 4th" period, those who are talented in both military and civilian work should be given the opportunity to demonstrate their skills and exhibit their achievements, and youths should be organized to provide technical services to benefit the local residents near their stations. CYL branches should actively train a contingent of backbone ideological workers, gradually establish an effective system in this regard through experimentation, see to it that not a single youth falls behind and enable all CYL members and youths to try to outdo one another, exert themselves, unite with and help one another and make progress together.

MINISTER CALLS FOR LOCAL RAILWAY CONSTRUCTION

OW130442 Beijing Domestic Service in Mandarin 2230 GMT 11 Apr 83

[Text] Minister of Railways Chen Puru addressed a national conference on railway work on the afternoon of 11 April, according to reports by JINGJI RIBAO correspondent (Wang Ruozhu) and this station's reporter (Li Rongzu).

The minister said that we should put an end to the state of affairs in which construction and operation of railways is the sole responsibility of one government department alone. We encourage efforts to pool funds from all sectors for building railways and we vigorously urge the provinces, municipalities and autonomous regions to build local railways. By mobilizing the enthusiasm of all sectors for this undertaking, we can quickly develop railway construction.

Chen Puru said that the Ministry of Railways will enthusiastically support local railway construction efforts with the necessary equipment and supplies and provide voluntary technical and transport assistance.

RAILWAY BUREAU LEADERSHIP READJUSTMENT COMPLETED

OW121223 Beijing XINHUA Domestic Service in Chinese 1204 GMT 11 Apr 83

[By reporter Zhu Youdi]

[Text] Beijing, 11 Apr (XINHUA) -- This reporter has learned from the national railway work meeting currently in session that the leading bodies of 18 railway bureaus in China have all been readjusted. Members of the readjusted leading bodies have become smaller in number, better trained, lower in average age and more professional and knowledgeable.

According to statistics, the number of bureau-level leaders in the railway departments throughout China has been reduced from 299 to 183. The average age at present is down to 53.4 years from the previous 59.3 years. Leading cadres with a college or technical secondary school education account for 49.3 percent of the total, up from the previous 38.5 percent. The Jinan Railway Bureau has broken the past rule by promoting young cadres with a good education and professional knowledge to its leading body, thereby lowering the average age of cadres at the bureau level to 47.8 years from 58. Cadres with a college or technical secondary school education account for 50 percent of the total, up from the previous 12.5 percent. At present, of the 7 administrative leading cadres in the bureau the oldest is 51 years of age and the youngest is 36.

Following the formation of the leading bodies in all of the railway bureaus, the leading bodies have generally paid attention to making investigations and studies and solving problems in accordance with the actual situations, bringing about encouraging changes to the railway bureaus. In addition to overfulfilling the passenger and freight transportation plans for the first quarter of this year, the railway departments throughout the country have also maintained fairly good safety records. The number of major accidents throughout the railroad network dropped by more than 40 percent compared with the same period last year.

'LEADING COMRADE' ON DEFENSE INDUSTRY AID

OW121031 Beijing XINHUA Domestic Service in Chinese 1216 GMT 11 Apr 83

[Text] Beijing, 11 Apr (XINHUA) -- XINHUA reporter Zhang Chunting has learned from the Commission of Science, Technology and Industry for National Defense that in a recent conversation, a leading comrade at the central level called upon the various departments in the defense industry to go all-out to vigorously carry out scientific research work and production for civilian products after they have fulfilled their tasks in producing arms and equipment and doing scientific research work in this regard as specified by the state.

On the basis of this leading comrade's opinion, the Commission of Science, Technology and Industry for National Defense, together with the State Planning Commission and the State Economic Commission, has organized the various departments in defense industry to introduce, to a dozen and more departments in civilian industries, the technical expertise of the defense industrial departments and the projects they may undertake in connection with scientific research in and production of goods for civilian use. The various departments in civilian industries have also introduced, to the defense industrial departments, their own plans for future developments and the projects that they expect the defense industrial departments to undertake for them. The exchange of views between the defense industry and the civilian industries shows that there is a bright prospect for the defense industry to help in the technical transformation of the national economy and to transfer some of its production techniques to civilian industries. The potentials are great and there is much to be done in this field.

On the basis of the requirements put forward by the various departments in civilian industries to the military industrial departments, the various departments in the defense industry are further working out plans to turn out products for civilian use and transfer some of their production techniques for use by civilian industries.

KANG KEQING ON WOMEN'S RIGHTS, INTERESTS

OW121306 Beijing XINHUA in English 1156 GMT 12 Apr 83

[Text] Beijing, April 12 (XINHUA) -- Kang Keqing, chairman of the All-China Women's Federation, today urged social protection of the rights and interests of women and children, and action against maltreatment and discrimination of women.

The women's organizations at various levels should play a leading role, she said.

In an interview with XINHUA, she pointed out that maltreatment and discrimination against women are incompatible with the socialist system and should not be tolerated by the society.

She said, such phenomena have been basically eliminated since the founding of New China in 1949, but they have made reappearance now. One of the causes, she gave, is the feudal thought of male chauvinism.

She stressed that equality between men and women is the basic principle of socialist China, a principle written down in the Constitution and related laws.

She urged women's organizations at different levels to help judicial departments tackle those cases involved.

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Mass media, she said, should make greater efforts to educate people and help eliminate traditional feudal mentality.

Now there are 39 million women working in the departments of industry, transport, commerce and trade, culture, education, health and science and 150 million women working in farming, according to Kang Keqing.

She said she is confident that these problems will be solved thanks the leadership of the Communist Party, the socialist system, Chinese law and social support.

NEW CORPORATION HEAD HOSTS BANQUET FOR ENVOYS

OW121600 Beijing XINHUA in English 1436 GMT 12 Apr 83

[Text] Beijing, April 12 (XINHUA) -- Wang Guangying, chairman of the board of newly inaugurated Everbright Industrial Corporation, hosted a banquet in the Great Hall of the People this evening in honor of diplomatic envoys and diplomatic officials from six countries.

The six countries represented at the banquet, that have close business contacts with the corporation, are Britain, the Federal Republic of Germany, Canada, Japan and France and Italy.

A graduate of Fu Jen (Catholic) University in Beijing in 1942, Wang Guangying started managing factories the next year. After liberation in 1949, he was acting manager of the Tianjin Knit Goods Corporation, and in 1980 he was elected vice-mayor of Tianjin. He is in charge of the Tianjin International Trust and Investment Corporation.

At this evening's banquet, the 64-year-old industrialist explained the aim and immediate tasks of his Hong Kong-based non-governmental corporation. "Our policies and business activities have won full appreciation and support of our government," he said.

Wang said he was glad to meet the envoys and diplomatic officials of the six countries on the eve of the beginning of his "pathbreaking efforts" in Hong Kong.

He said he expects more chances to communicate with industrialists and business people of these six and other countries as the corporation's scope of business expands.

"Cooperation in business based on mutual trust will be of far-reaching significance for strengthening friendship and cooperation in general between the people of China and other countries," Wang said.

Among the guests were Sir Percy Cradock, British ambassador to China; Guenther Schoedel, ambassador of the Federal Republic of Germany, and Mrs. Erika Schoedel; C.E. Rufelds, minister-counsellor of the Canadian Embassy, and Mrs. H. Rufelds; Koji Watanabe, minister of the Japanese Embassy, and Mrs. Watanabe; Bernard Yvetot, deputy commercial counsellor of the French Embassy; and Angelo Persiani, first secretary of the Italian Embassy.

Present also were Wang Yaoting, chairman of the China Council for the Promotion of International Trade; Wei Yuming, vice-minister of foreign economic relations and trade; and Zhou Nan, assistant foreign minister.

RENMIN RIBAO ON CONTRACT SYSTEM IN COMMERCE

HK121009 Beijing RENMIN RIBAO in Chinese 11 Apr 83 p 2

[Commentator's article: "There Is Still Much Work To Be Done After Instituting the Contract System"]

[Text] The implementation of the contract system in commerce has brought about a new situation, but also a few new problems. The maintenance and consistent perfection of the contract system will require a lot more work.

When an enterprise signs a contract with the higher authorities, it merely defines the economic responsibility undertaken by the enterprise and promised to the state or the relevant department, but much work still has to be done within the enterprise itself as regards establishing and perfecting responsibility systems in all the various posts.

Once the contract system is instituted, the enterprise's operation and management must catch up with it, and operation methods and style must undergo a large-scale reform. There have arisen many irrational phenomena in certain enterprises practicing the contract system. For instance, in advanced enterprises whose labor discipline is strict and whose operation and management level is high, rewards for staff and workers are nevertheless limited; while in backward enterprises, due to the previously poor management achievements, and the consequently low basic contracted quotas, rewards have increased vastly since the institution of the contract system. This sort of bonus does not reflect the principle of distribution according to labor; in effect, it protects the backward, and is highly unfair. The principle of to each according to his work should mean equal pay for equal work under the same conditions. Therefore we must, with the prerequisite of perfecting management and administration, formulate reasonable standards for management contracts on the basis of the special characteristics of each sector, and constantly perfect them. Implementing the contract system by "rushing headlong into mass action," and "in one fell blow," will obviously give rise to the abovementioned situation of uneven rewards and punishments; we must be quite clear on this point.

In many enterprises now practicing the contract system, the problem of overlapping mid-level organs and overstaffing among mid-level cadres has become particularly marked; and in some, the problem of obstructive mid-level organs and workers and staff forming a "surplus labor force" have arisen. If these problems are not solved promptly, some cadres, staff and workers are bound to become anxious. Some enterprises have solved the problem by increasing the number of personnel on the front line of production and management, broadening their service tasks, opening up new markets and thus gaining greater contributions from everyone; this has been a good experience.

After the implementation of the contract system, ideological and political work must by no means be weakened, but strengthened. No matter which form of contract system is adopted, commercial enterprises' socialist orientation must not be changed and their main aim of serving the people must not be lost. In operation activities, the consumer must always be put first, and great stress must be laid on commercial ethics, to safeguard the reputation of commerce. One tendency which must be looked at closely is that some enterprises, after implementing the contract system, fail to guarantee that the larger share goes to the state, instead diverting this part to be used by individuals. For this reason, the grasping of education in giving consideration to the state, the collective and the individual and in protecting the interests of the consumer is an important part of the promotion of the contract responsibility system.

At present, the reform of commerce is just unfolding all over the place. As long as we rely on the broad masses of staff and workers, determine to carry out the reform, strengthen our leadership, and do in earnest all the work necessary after the implementation of the contract system, then the contract responsibility system will surely have a rich future and bright prospects.

GUANGMING RIBAO ON INVESTIGATION AS BASIS OF REFORM

HK121405 Beijing GUANGMING RIBAO in Chinese 4 Apr 83 p 3

[Article by Zhang Qihua "Emancipating the Mind and Investigation and Research"]

[Text] As history develops, new tasks come onto the agenda. This is precisely what reform means. Only through reform, through clearing out all the old rules and regulations, old customs and old practices which hinder our progress on all fronts, in all areas, all departments and all units, and through investigating new situations, solving new problems, summing up new experiences and creating a new order, can we provide a reliable guarantee for the success of the four modernizations construction. If bringing order out of chaos is a great emancipation of the mind, then reform constitutes another great emancipation of the mind in the continuing process of bringing order out of chaos.

To say that reform constitutes a great emancipation of the mind is to say that reform requires courage in both theory and practice. Reform means destroying the old to create the new. Destroying the old is not easy, and neither is creating the new. Tradition is a huge force of resistance; it is history's force of inertia. Force of habit, in particular the influence of "left" thinking which has existed in people's minds for many years, places a great many obstacles in the way of reform. For this reason, those people who stick to conventions and are complacent and conservative are bound to find the reform offensive, while those who advocate reform and are determined to carry it out, if their minds are still influenced by the remnants of "left" thinking, will also find difficulty in carrying out reform correctly. Therefore, if we are to carry out reform, we must first emancipate our minds, have the courage to rid our minds of the fetters of old rules, and think up new methods and new rules in keeping with reality; only in this way will we have the possibility of advancing along the road of reform.

Courage and knowledge cannot be separated: To have courage we must have knowledge; we can only gain courage through knowledge, and only with knowledge can we achieve anything. Where does the "knowledge" to emancipate the mind and conduct reform come from? It comes from an understanding of objective reality. And to gain this aspect of "knowledge," investigation and research is the only path.

Only by conducting deep investigation and research, and gaining a grasp of the real situation, can we come to respect the pioneering spirit of the masses and become the promoters of reform. Why is it that some people's minds are liberated, while others' are not? One important reason is that some people live always in the midst of the practice of the masses, understand the real situation, know the basis of things, and share weal and woe with the masses, and hence are in the best position to understand the old corrupt practices and to have a sense of the urgency of the reform. Conversely, some comrades involved in leading work sit in their offices all day, divorce themselves from the rich pattern of real life, have no clear idea of the problems which arise in practice, fail to understand the way the masses think and thus their knowledge lags behind reality.

They are accustomed only to the old methods and the old rules, and if the new situation throws up new problems, they are able only to use the old methods to check them; as regards the new methods created by the masses, they have a biased view of them, find fault and condemn them as heresy. Comrades like this cannot, of course, become the promoters of reform.

Only by conducting deep investigation and study and coming to grips with the real situation can we really seek truth from facts. For instance, in the process of developing diverse forms of the production responsibility system, masses of peasants created the form of "all round contract system," a form which was welcomed enthusiastically by the peasants in all areas and completely affirmed by the CPC Central Committee; it has since been spread quickly throughout the country. But some people didn't think the same way. They sat in their rooms complaining, talking of things "going to the right" and "leaning to one side;" quite a few were cynical and even suppressed the method. The wind of reform failed to blow into those places where these comrades were the leaders and the situation was not opened up for some time. Later, some comrades went deep into the countryside to conduct an investigation, and saw with their own eyes the places in which the "all-round contract system" was being operated, the unprecedentedly high level of the peasants' enthusiasm, and the change in the state of backwardness and poverty. Only then were their minds shaken up, and did they adopt a positive attitude to the "all-round contract system." This provides a lively illustration of the fact that sticking to old ways comes from being out of touch with reality, and that the only way of opening one's eyes and ears is to leave one's office, go into the heart of the practice of the masses, listen carefully to the voice of practice, and rid one's mind of all "leftist" influences and outworn concepts. Practice tells us that "left" ideology is a sort of ideological fetter, and right ideology is also such a fetter. Therefore, blocking and overcoming the influence of "left" ideology is emancipation of the mind, as is blocking and overcoming the influence of right ideology. Overcoming these two sorts of mistaken thinking requires investigation and research.

To reform, we must have correct methods and measures. These methods and measures can be discovered only through investigation and research. Dialectical materialism tells us that correct understanding comes from summing up the experiences of the masses. Some comrades are accustomed to sitting in their offices, and forming ideas and thinking up methods on the basis of meetings with a small number of people. They little realize that they have not the slightest possibility of thinking up one good idea or one good method by this means. Reform is a difficult and complex affair; it is a question of forging a new path which neither we nor anyone else has ever trodden. There is no ready-made experience to follow, and no ready-made answers can be found in the works of Comrades Marx, Lenin or Mao Zedong; even the current CPC Central Committee documents do not provide concrete rules to suit the specific conditions in each unit. For this reason we must rely on our own practical exploration, and on the creation and summing up through practice of our own experiences. If we fail to investigate and to go deep into the facts, good methods and experiences are not going to fall from the sky. The masses are in the front line of the four modernizations cause; every day they are confronted by and have to deal with all sorts of contradictions in the process of practice; they have a direct knowledge of these contradictions and a reservoir of good methods for reform. If we want these methods, we must go among the masses to conduct investigation and research, learn from them, concentrate these good methods, sort them out, and formulate correct measures.

Some people say, surely the principles and policies of the CPC Central Committee are quite clear; do we really need to think up methods? Marxist philosophy considers that any one thing has special characteristics which distinguish it from all others; therefore, methods for solving things are also different from each other. So though the CPC Central Committee's principles and policies have already been decided, there remains the issue of suiting methods to local conditions in each area and each unit. If we are to suggest methods and measures for reform which are in keeping with the reality of our own particular area or unit, then we cannot but conduct an investigation into the special conditions which exist there.

Our conclusion is that if we are to reform, then we must emancipate our minds, and the basis of emancipating our minds and carrying out correct reform is to conduct investigation and research. "Without investigation and research you have no right to speak." "In the same way, without correct investigation and research, you equally have no right to speak." All those who are determined to reform must resolve, as Comrade Mao Zedong advocated, to "conduct concrete investigation among the masses!" If we leaders at all levels achieve this, the flowers of reform will surely blossom all over the country.

CITIES TO ABOLISH HOME UTILITY PAYMENT SYSTEM

OW122307 Beijing XINHUA Domestic Service in Chinese 1525 GMT 8 Apr 83

[Text] Nanjing, 8 Apr (XINHUA) -- Before the end of this year, 15 cities throughout China will abolish the system of having units pay for home electricity, water and gas. This was projected at a national discussion meeting on installing home electricity, water and gas meters in 15 large and medium-sized cities, which closed in Nanjing on 7 April.

According to statistics from the 15 cities represented at the meeting, including Beijing, Shanghai, Tianjin, Shenyang, Dalian, Changzhun, Harbin, Zhengzhou, Wuhan, Chongqing, Nanjing, Wuxi, Qingdao, Hangzhou and Guangzhou, as of last year, the number of households with electric meters installed accounted for 69 percent of the total number of households required to be thus fitted; households installed with water meters accounted for 58 percent of the total; in the 9 cities with gas supply, the installation rate of gas meters reached 98 percent.

In the past, many government offices, organizations, enterprises and establishments collected, from workers and staff, electric bills based on the number of lamps and residents in their families. The units paid for the excess electricity consumed. Therefore, some people tended to be careless in the use of electricity, which resulted in a waste of energy. Since last year, these cities have speeded up the installation of the "three meters" and collected fees according to the amount of energy consumed. This has been effective way to conserve energy for daily use. I saved some 200 million kwh of electricity, 76 million dun of water and 550 cubic meters of gas for these 15 cities last year.

NETHERLANDS TO DELIVER SUBMARINES IN 1985

OW120641 Taipei CHINA POST in English 8 Apr 83 p 4

[Editorial: "New Submarines on Schedule"]

[Text] A delegation from the Republic of China has reported that the two new submarines ordered from the Rijn-Schedlde Verolme in the Netherlands will be delivered on schedule in 1985. The ROC has paid U.S.\$100 million toward the total cost and has funds in hand for the final payment. The total cost is U.S.\$500 million.

There have been fears that the Dutch shipbuilding company has financial difficulties. In February the shipbuilding firm received court relief from its creditors and the firm is expected to undergo a court-ordered reorganization.

The new submarines will contain components for both conventional and nuclear power plants as well as natural gas installations.

Communist China has protested the sale and threatened to sever diplomatic relations with the Netherlands. However, so far it has proved to be an empty threat by Peking's leaders. The fact is that Red China's clout has turned out to be a paper tiger, not only in Asia but throughout the world.

The Republic of China does not propose to use the submarines, or any part of its growing arsenal, for aggression. Our military strength is solely for the nation's defense.

TAIWAN TO AID NETHERLANDS SHIPBUILDING FIRM

OW101759 Hong Kong AFP in English 1746 GMT 10 Apr 83

[Text] Taipei, April 10 (AFP) -- Taiwan has agreed to assist the Netherlands shipyard Rijn-Schedude-Verolme (RSV) in solving its financial problem while the latter will advance the delivery of two submarines, sources said today. Informed sources said the agreement was reached after A. Stikker, former president and chairman of the RSV, held a series of talks with authorities here in the past few days.

Mr Stikker, retired earlier this month, signed the 370 million-U.S. dollar-contract on the Taiwan order in 1981. He was here as a special representative of the Netherlands company, which is said to be a serious finance trouble, having used Taiwan's first payment of 150 million U.S. dollars reportedly for other purposes.

Mr Stikker reportedly expressed RSV's appreciation for Taiwan's support during RSV's difficulties of the past few months. He reportedly noted that other European countries had praised Taiwan's support.

He relayed RSV's pledge that with Taiwan's continued support the two submarines could be delivered before the 1985 deadline.

The Netherlands Government approved the manufacture of the two submarines for Taiwan in order to save thousands of RSV workers from unemployment.

China, which claims sovereignty over Taiwan, retaliated against the Netherlands move by downgrading its diplomatic representation to a charge d'affaires level. The Chinese Communists also protested the opening earlier this month of a direct air route between Amsterdam and Taipei; the Netherlands Government explained that it was a commercial deal.

OFFICIAL WARNS OF PRC ATTEMPT TO JOIN ASIAN BANK

OW091431 Taipei CNA in English 1413 GMT 9 Apr 83

[Text] Taipei, April 9 (CNA) -- Gen. Ho Ying-ching, chairman of the Promotion Council of the Grand Alliance for China's Reunification Under the Three Principles of the People, warned Saturday that the Peiping regime's attempt to sneak into the Asian Development Bank will damage the credibility of the bank itself, thus affecting future development and prosperity of the Asian and Pacific region.

The Peiping's move is nothing but a united front trick to blackmail the United States and Japan and to isolate the Republic of China in the international community, he said. General Ho called on Japan and the U.S. to maintain their principle of justice and to repudiate the Peiping regime's irrational request to force the ROC from this nonpolitical regional organization.

JAPANESE TRADE REPRESENTATIVE TAKES UP POST

OW091425 Taipei CNA in English 1415 GMT 9 Apr 83

[Text] Taipei, April 9 (CNA) -- Hara Fujio, new director of the Taipei office of Japan's Interchange Association, arrived here Saturday to take up his post. He told the press that he is very pleased to learn of the Republic of China's fast economic development and achievements during the past decade. Fujio had served as the minister of Japan's Embassy in the Republic of China in 1968 and also worked as head of the China desk in the Japanese Foreign Ministry. He was also Japan's ambassador to Poland and Guatemala before his retirement. He has many friends in the Republic of China.

SHIPPING AGREEMENT WITH SOUTH KOREA SIGNED

OW091321 Taipei International Service in English 0100 GMT 7 Apr 83

[Text] Government representatives from the Republic of China and the Republic of Korea have signed the draft of a reciprocal shipping agreement. The draft was signed in Taipei by (Sung Chi-fu), deputy director of navigation and aviation, Ministry of Communications, and (Choe Hong), director general of the Maritime Bureau of South Korea.

The agreement will allow the Republic of China's ships to load cargo in Korea without being subject to the restrictive measures which have been in effect since August 1979. The measures stipulate that foreign carriers can take on only that cargo which the Republic of Korea's carriers do not wish to transport. In addition, both nations will operate the same number of ships on the Republic of China-Republic of Korea route. These ships can include both national ships and those leased from a third country. The agreement is expected to take effect after being formally approved by the respective governments.

PREMIER SUN ON PRC-U.S. CULTURAL EXCHANGES

OW091307 Taipei Domestic Service in Mandarin 1200 GMT 7 Apr 83

[Text] Premier Sun Yun-hsuan said today: We need not attach too much importance to the Chinese Communists' decision on breaking their cultural relations with the United States. What is important is that we should do our best to strengthen our relations with the United States. Interviewed by reporters while he was attending a meeting of scientific and technological advisers, Premier Sun said: The Chinese Communists' suspension of their cultural exchanges with the United States in protest against the U.S. granting political asylum to Hu Na is their overreaction. In fact, they did sever their various relations with many West European nations during the Great Cultural Revolution.

CHINA POST EDITORIAL ON O'NEILL'S VISIT TO PRC

OW081229 Taipei CHINA POST in English 2 Apr 83 p 4

[Editorial: "U.S.-Peking Ties"]

[Text] The statement by Speaker Thomas P. O'Neill on the deterioration of U.S.-Peking ties should not cause any alarm to the American people, as the deterioration was caused by the Peking regime's insatiable and impossible demands which the United States cannot possibly accept.

The crux of Peking's agitation against the United States is the Taiwan Relations Act and the arms sales policy required by the act. The Chinese Communists have demanded the repeal of that act, which has become the law of the land for the United States. Even Speaker O'Neill admitted the impossibility of fulfilling such a demand. He doubted that the U.S. Congress would be able to repeal the act.

The U.S. congressional delegation, O'Neill admitted, had no knowledge beforehand as to how adamant the Red Chinese regime position was on the so-called "Taiwan question." This was because of the failure of the United States to recognize a built-in trap in the August 17 Washington-Peking joint communique which the United States unfortunately had agreed to issue. That communique, like the Shanghai communique, contains much double talk which can be exploited by the Chinese Communists to make demands on the United States. The Chinese Communists accuse the United States of interference in Communist China's "internal affairs" by fulfilling the Taiwan Relations Act, yet their demand that the U.S. repeal one of the U.S. laws of the land is a wanton interference in U.S. domestic affairs.

But it must be noted that behind the claim that the United States interferes in Peking's "internal affairs" lies Peking's claim to sovereignty over Taiwan, which all U.S. administrations have recognized as belonging to the Republic of China. The Chinese Communists are attempting to seize Taiwan by devious means without resorting to force, though they have never renounced the use of force.

It is hoped that the U.S. congressional delegation headed by Speaker O'Neill will not succumb to Chinese Communist united front maneuvers and be persuaded to solve the "misunderstandings" with the United States.

As a matter of fact, the leaders of the Peking regime are thoroughly aware of the U.S. position as outlined by President Ronald Reagan and U.S. Secretary of State George P. Shultz. They have reaffirmed U.S. friendship for the people of the Republic of China and U.S. determination to conduct U.S.-Peking relations in accordance with the Taiwan Relations Act.

It is high time for the United States to stop sending high-ranking delegations to the Chinese mainland, for such visits merely provide the Chinese Communists with opportunities to complain and interfere in U.S. foreign policy. The administration leaders should see through the blackmail tactics of the Peking regime's leaders and turn down their demands without hesitation.

BRIEFS

NULCEAR POWER CAPACITY -- Taipei, 7 Apr (CNA) -- The Republic of China ranks 9th in the world in terms of nuclear power capacity at present and 12th in terms of total kilowatt-hours generated by nuclear power last year, according to L.K. Chen, chairman of the Taiwan Power Company (Taipower). Nuclear power now accounts for 30 percent of total power generated by the company, Chen added, with the equipment at the stations which produce it worth 27 percent of the total value of the company's installed facilities. The generators now in operation are No 1 and 2, using steam turbines, at the first and second nuclear power stations, with a total capacity of 3242 megawatts. The No 2 generator of the second station started producing power at the end of last year. The amount of power produced by the nuclear facilities will rise in the future, Chen added. The No 1 steam turbine generator of the third nuclear station is due to come on stream in May or June of 1984, with the No 2 generator following it a year later. [Text] [Taipei CNA in English 0945 GMT 7 Apr 83 OW]

SCIENTIFIC RESEARCH FUND -- Taipei, 4 Apr (CNA) -- The budget of scientific research for fiscal year 1984 will reach NT \$20 billion, which represents 1 percent of the gross national product, the Directorate General of Budget, Accounting and Statistics under the Executive Yuan announced Monday. In a science advisory meeting held at the Executive Yuan, Deputy Director-General Wang Kun of the directorate said, in spite of the current policy of thrift, the government intends to maintain a steady increase in scientific spending. He pointed out that last year the budget of scientific development represented 0.86 percent of the GNP, while in fiscal 1985, it is going to increase to 1.2 percent of the GNP. [Text] [Taipei CNA in English 0933 GMT 4 Apr 83 OW]

WEN WEI PO CRITICIZES U.S. ACTIONS IN HU NA CASE

HK111241 Hong Kong WEN WEI PO in Chinese 10 Apr 83 p 1

[Article by Kuan Chien-tzu: "How the Hu Na Case Tears Off the Mask of U.S. Hegemonism"]

[Text] The Reagan administration has brazenly announced the granting of "political asylum" to the 19-year old Chinese tennis star Hu Na. The Chinese Ministry of Foreign Affairs has lodged a strong protest, and the Chinese Ministry of Culture and the All-China Sports Federation have immediately announced the cancellation of cultural and sports exchanges with the United States. The Reagan administration was warned before its public announcement of granting "political asylum" to Hu Na. However, ignoring international diplomatic norms and Sino-U.S. relations, the Reagan administration has turned a deaf ear and obstinately persisted in its own course. The Chinese Government is forced to make a reaction and to take action. The Chinese people will not go back on their word, and this will teach the arrogant and hegemonist Reagan administration a lesson.

The spokesmen of the U.S. State Department and the White House however seemed to be greatly surprised and considered the "unilateral decision" by the Chinese to be "an overreaction," "inappropriate" and "making a fuss over a minor matter." They also wanted China to deal with the differences which appeared by proceeding from the "broader prospect of bilateral realtions." They seem to greatly value Sino-U.S. bilateral relations. This is the "mask" of the demon in "collection of bizarre tales." We must tear off its mask before the public.

According to their hegemonist will, they seem to think that they can infringe upon the Chinese people and violate China's sovereignty under the cover of "legal principles" and "human rights." If China takes appropriate action against the United States to defend its national dignity and protect a citizen in its capacity as a sovereign nation, it is considered an "overreaction," and also an "inappropriate" and "unilateral" action. What kind of principle is this? Is this the innate right of hegemonism?

People cannot help but ask, is it possible that the U.S. Government has the right to stipulate the "amount" and "limits" of appropriate actions another sovereign nation can make? Since when has China accepted your stipulation?

A handful of people in America in cooperation with Taiwan elements have kidnapped and coerced the 19-year old Chinese female tennis star Hu Na into leaving her motherland and her family. This is an extremely despicable and shameless conspiracy and actually an action of international hooligans. This action is a serious infringement of the personal liberty of a Chinese citizen and a serious violation of China's sacred sovereignty. This can never be tolerated!

However, they still have the effrontery to attack China brazenly for making an "inappropriate" and "unilateral decision."

Is your kidnapping and coercing of Hu Na so "appropriate"? Is it a bilateral decision in agreement with China?

The Chinese Government has repeatedly protested and warned you not to make any unilateral decision or to use "political asylum" to detain our citizen Hu Na.

You have instead brazenly made a "unilateral decision," subjected China to humiliation and damaged China's prestige. This is not a "minor matter" but a "major matter." Does it mean that China should still adopt the cowardly philosophy and slavish mentality of letting the spittle on the face dry itself before hegemonism and imperialism? "If someone slaps you on the left cheek, turn your right cheek to him." Honorable gentlemen, you have worshipped Jesus Christ as a God, but when have you been willing to do this? You have slapped someone on the left cheek and still want to slap him on the right cheek. This is the stuff the Reagan administration is made of.

But gentlemen, you are wrong in your thinking and have greatly underestimated the dignity and the heroic spirit of China and the 1 billion Chinese people of today. Today, the Chinese people would rather die than be humiliated. Today, the times when the eight-power allied forces could run amuck in China are gone. Did not the Chinese people together with the Korean people give the 16-nation allied forces a solid trouncing on the Korean battlefield and completely rout them? Did they not finally come to Panmunjon under a flag of truce to sue for peace?

An outstanding female athlete of Taiwan also said that Communist China is "making a fuss over a minor matter" and that this is "of no actual benefit to itself." These words of our honorable friend in Taiwan are incorrect. If someone spits in your face or pulls out some of your hair from behind your back, the spitting and hairpulling will not kill anyone. Is this a small matter that cannot be regarded as anything? How can you bear the humiliation? Our friends in Taiwan believe in the teachings of Confucius. the canon of filial piety said: The hair and skin of our body are received from our parents, and we must not damage them; this is the first rule of filial piety." Since we must also not carelessly do damage to ourselves, how can we let others do damage to us?

Hu Na is a member of the Chinese nation and a Chinese citizen. She is like the hair and skin of our nation, the hair and skin received from Chinese parents. How can we bear her being damaged by U.S. hegemonism?

Moreover, this U.S. action is neither an isolated incident nor a fortuitous phenomenon. It is premeditated on the part of the United States. On this point the U.S. action is definitely not unilateral, but bilateral. There are U.S. personnel on one side and Taiwan personnel on the other.

Such U.S. bilateral actions have already become too numerous to count. The most glaring of these are the passing of a so-called "Taiwan Relations Act," the shipping of arms to Taiwan and such things as cooperating bilaterally with the Taiwan authorities, interfering in China's internal affairs, violating China's sovereignty and undermining the great cause of China's peaceful reunification.

Honorable friend in Taiwan, you have said that the cancellation of cultural and sports exchanges by Communist China because of Hu Na is "of no actual benefit to itself." From your words we can see that you are concerned with the progress of culture and sports in China. These words show that you have the best of intentions.

However, what "actual benefit" are the U.S. "Taiwan Relations Act," the manufacture of "one China and one Taiwan" or "two China" and the undermining of the great cause of the peaceful reunification of the motherland to the compatriots in Taiwan? What "actual benefit" is this to the Chinese nation?

This is a major matter. We hope that the Chinese people on both sides of our Taiwan Strait, our compatriots in Hong Kong and the Overseas Chinese will carefully think over this major matter, join hands and make common efforts to write a chapter of the most glorious articles on opposing U.S. hegemonism and on the great cause of the reunification of the motherland that will shine throughout the ages.

WEN WEI PO ON CHINESE INVESTMENT IMPORT PLANS

HK120148 Hong Kong WEN WEI PO in Chinese 12 Apr 83 p 1

[Dispatch from correspondent Cheng Hsiang: "China Plans To Import HK\$130 Billion in Foreign Investment During Sixth 5-Year Plan"]

[Text] Beijing, 11 Apr -- This correspondent has been informed by circles concerned that China plans to import about \$20 billion (equivalent to some HK\$134 billion) in foreign investment during the Sixth 5-Year Plan. About \$15 billion of this sum will be spent on capital construction and the other \$5 billion on renovation and transformation of old plants.

The portion to be spent on capital construction is equivalent to about RMB 26.1 billion, representing 10 percent of the total sum (RMB 230 billion) to be spent on capital construction during the Sixth 5-Year Plan. Foreign investment has become the third major source of capital construction investment. This foreign investment includes equipment involved in complete sets of plant being imported by the state by unified borrowing and repayment.

Not much foreign investment was used during the first 2 years of the Sixth 5-Year Plan, as the national economy was being readjusted. Hence this foreign investment of \$20 billion will be used in a relatively concentrated way during the period 1983-85. This is certainly excellent news for foreign financial circles and businessmen who supply plant.

The central authorities have also put forward three points to be watched in using foreign investment during the Sixth 5-Year Plan.

1. Give priority to completing as soon as possible those projects for which contracts with foreign countries have already been signed and approved, so that they can play their part; and select a number of projects that need foreign investment and conduct technical and economic proving and pre-construction work. After the state approves the feasibility reports, then hold negotiations with foreign investors.
2. The policies for the use of investment in technical transformation of old enterprises should be relaxed somewhat, and the examination and approval procedures should be simplified.
3. It is necessary to explicitly define responsibility for repayment of principal and interest when borrowing foreign investment. Units borrowing and repaying money themselves must be responsible for repaying it. Enterprises using foreign investment must strictly practice economic accounting.

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